

HUNTINGTON INGALLS INDUSTRIES, INC.

Form 424B3

May 16, 2018

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File No.: 333-224676

## PROSPECTUS

### Huntington Ingalls Industries, Inc.

#### Offer to Exchange

**up to \$600,000,000 3.483% Senior Notes due 2027 that have been registered under the Securities Act of 1933, as amended (the Securities Act ), for any and all of our outstanding unregistered 3.483% Senior Notes due 2027**

#### Terms of the Exchange Offer

We are offering \$600,000,000 aggregate principal amount of new 3.483% Senior Notes due 2027 (the New Notes ) in exchange for an equal amount of outstanding 3.483% Senior Notes due 2027 (the Old Notes and, together with the New Notes, the Notes ).

The exchange offer expires at 5:00 p.m., New York City time, on June 14, 2018, unless extended (the date and time referred to herein as the expiration date ). We do not currently intend to extend the expiration date.

Tenders of Old Notes may be withdrawn at any time prior to the expiration date.

All Old Notes that are validly tendered and not validly withdrawn will be exchanged.

The exchange of Old Notes for New Notes generally will not be a taxable exchange for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The terms of the New Notes to be issued in the exchange offer are substantially the same as the terms of the Old Notes, except that the offer of the New Notes is registered under the Securities Act, and the New Notes have no transfer restrictions, rights to additional interest or registration rights.

The New Notes will not be listed on any securities exchange. A public market for the New Notes may not develop, which could make selling the New Notes difficult.

Each broker-dealer that receives New Notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. The letter of transmittal accompanying this prospectus states that, by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an underwriter within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of New Notes received in exchange for Old Notes where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. Starting on the expiration date and ending on the close of business 180 days after the expiration date, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See Plan of Distribution.

**Investing in the New Notes to be issued in the exchange offer involves certain risks. See Risk Factors beginning on page 11.**

**We are not making an offer to exchange New Notes for Old Notes in any jurisdiction where the offer is not permitted. Neither the Securities and Exchange Commission (the SEC) nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.**

**The date of this prospectus is May 16, 2018**

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**INDUSTRY AND MARKET DATA**

We obtained the market and competitive position data included in this prospectus and the documents incorporated by reference in this prospectus from our own research, surveys or studies conducted by third parties and industry or general publications. Industry publications and third-party surveys and studies generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these surveys, studies and publications is reliable, we have not independently verified such data and we do not make any representation as to the accuracy of such information. Similarly, we believe our internal research is reliable, but it has not been verified by any independent sources.

**PRESENTATION OF FINANCIAL AND OPERATING INFORMATION**

The SEC has adopted rules to regulate the use in filings with the SEC and in public disclosures of non-GAAP financial measures. These measures are derived on the basis of methodologies other than generally accepted accounting principles in the United States ( GAAP ). These rules govern the manner in which non-GAAP financial measures are publicly presented and require, among other things:

a presentation with equal or greater prominence of the most comparable financial measure or measures calculated and presented in accordance with GAAP; and

a statement disclosing the purposes for which the registrant's management uses the non-GAAP financial measure.

These rules prohibit, among other things:

the exclusion of charges or liabilities that required, or will require, cash settlement, or would have required cash settlement absent an ability to settle in another manner, from non-GAAP liquidity measures, other than the measures (1) earnings before interest and taxes and (2) EBITDA; and

the adjustment of a non-GAAP performance measure to eliminate or smooth items identified as nonrecurring, infrequent or unusual, when the nature of the charge or gain is such that it is reasonably likely to recur within two years or there was a similar charge or gain within the prior two years.

In this prospectus, we disclose non-GAAP financial measures, including segment operating income and free cash flow. In Summary Condensed Consolidated Financial Data included in this prospectus, we provide reconciliations of segment operating income (loss) to total operating income (loss) and free cash flow to net cash provided by (used in) operating activities. The non-GAAP financial measures described in this prospectus are not a substitute for the GAAP measures of earnings or liquidity. We believe that the non-GAAP financial measures presented in this prospectus reflect an additional way of viewing aspects of our operations that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business. We believe that these non-GAAP financial measures are widely used by investors and are useful indicators to measure our performance. In addition, we believe free cash flow is an important measure for our investors because it provides them insight into our current and period-to-period performance and our ability to generate cash from continuing operations. We also use free cash flow as a key operating metric in assessing the performance of our business and as a key performance measure in

evaluating management performance and determining incentive compensation. Because not all companies use identical calculations, our presentation of these non-GAAP financial measures may not be comparable to similarly titled measures of other companies.

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**FORWARD-LOOKING STATEMENTS**

This prospectus and the documents incorporated by reference include forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve risks and uncertainties that could cause our actual results to differ materially from those expressed in these statements. Among the factors that could cause actual results to differ materially are the risks and uncertainties described under the Summary and Risk Factors captions of this prospectus and those described in the section captioned Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference in this prospectus, including the following:

changes in government and customer priorities and requirements (including government budgetary constraints, shifts in defense spending, and changes in customer short-range and long-range plans);

our ability to estimate our future contract costs and perform our contracts effectively;

changes in procurement processes and government regulations and our ability to comply with such requirements;

our ability to deliver our products and services at an affordable life cycle cost and compete within our markets;

natural and environmental disasters and political instability;

our ability to execute our strategic plan, including with respect to share repurchases, dividends, capital expenditures and strategic acquisitions;

adverse economic conditions in the United States and globally;

changes in key estimates and assumptions regarding our pension and retiree health care costs;

security threats, including cyber security threats, and related disruptions; and

other risk factors discussed in this prospectus and in our filings with the SEC.

There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business, and we undertake no obligation to update or revise any forward-looking statements. You should not place undue reliance on any forward-looking statements that we may make.



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**PROSPECTUS SUMMARY**

*This summary highlights information contained in this prospectus and provides an overview of our company. For a more complete understanding of our business, you should read the entire prospectus and the documents incorporated by reference in this prospectus carefully, particularly the discussion set forth under Risk Factors in this prospectus and our consolidated financial statements and the respective notes to those statements incorporated by reference herein.*

**Our Company**

Huntington Ingalls Industries, Inc. ( HII, the Company, we, us, and our ) is America s largest military shipbuilding company and a provider of professional services to partners in government and industry. For more than a century, the Company s Ingalls Shipbuilding segment ( Ingalls ) in Mississippi and Newport News Shipbuilding segment ( Newport News ) in Virginia have built more ships in more ship classes than any other U.S. naval shipbuilder. HII also provides a range of services to the governmental, energy, and oil and gas markets through its Technical Solutions segment.

HII conducts most of its business with the U.S. Government, primarily the Department of Defense. As prime contractor, principal subcontractor, team member, or partner, the Company participates in many high- priority U.S. defense technology programs. Ingalls includes HII s non-nuclear ship design, construction, repair, and maintenance businesses. Newport News includes all of HII s nuclear ship design, construction, overhaul, refueling, and repair and maintenance businesses. The Company s Technical Solutions segment provides a wide range of professional services, including fleet support, integrated mission solutions, nuclear and environmental, and oil and gas services.

The Company s principal executive offices are located at 4101 Washington Avenue, Newport News, Virginia 23607, and its telephone number is (757) 380-2000.

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**Summary of the Exchange Offer**

**Background**

On December 1, 2017, we issued \$600,000,000 aggregate principal amount of Old Notes in a private offering. In connection with that offering, we entered into a registration rights agreement (as defined in Description of the Exchange Offer ) in which we agreed, among other things, to complete this exchange offer. Under the terms of the exchange offer, you are entitled to exchange Old Notes for New Notes evidencing the same indebtedness and with substantially identical terms to the Old Notes. You should read the discussion under the heading Description of the Notes for further information regarding the New Notes.

**The Exchange Offer**

We are offering to exchange a like amount of New Notes for Old Notes validly tendered and accepted.

The New Notes will bear interest at 3.483% per annum. Interest on the New Notes will accrue from the most recent date to which interest has been paid or duly provided for on the Old Notes. Interest is payable on June 1 and December 1 of each year. We will not pay any accrued and unpaid interest on the Old Notes that we acquire in the exchange offer. Any Old Notes not exchanged will remain outstanding and continue to accrue interest according to their terms.

As of the date of this prospectus, \$600,000,000 aggregate principal amount of the Old Notes are outstanding.

**Denominations of New Notes**

Tendering holders of Old Notes must tender Old Notes in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. New Notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

**Expiration Date**

The exchange offer will expire at 5:00 p.m., New York City time, on June 14, 2018, unless we extend or terminate the exchange offer, in which case expiration date will mean the latest date and time to which we extend the exchange offer. We do not currently intend to extend the expiration date.

**Settlement Date**

The settlement date of the exchange offer will be promptly after the expiration date of the exchange offer.

**Withdrawal of Tenders**

Tenders of Old Notes may be withdrawn at any time prior to the expiration date.

**Conditions to the Exchange Offer**

Our obligation to consummate the exchange offer is subject to certain customary conditions, which we may assert or waive. See Description of the Exchange Offer Conditions to the Exchange Offer.

**Procedures for Tendering**

If you hold Old Notes through The Depository Trust Company ( DTC ) and wish to participate in the exchange offer, you may

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follow the automatic tender offer program ( ATOP ) procedures established by DTC for tendering the Old Notes that are held in book-entry form. The ATOP procedures require (i) that the exchange agent receive, prior to the expiration date of the exchange offer, a computer-generated message known as an agent s message that is transmitted through ATOP and (ii) that DTC confirm that:

DTC has received instructions to exchange your Old Notes; and

you agree to be bound by the terms of the letter of transmittal.

For more details, please read Description of the Exchange Offer Terms of the Exchange Offer and Description of the Exchange Offer Procedures for Tendering. If you elect to have Old Notes exchanged pursuant to this exchange offer, you must properly tender your Old Notes prior to the expiration date. All Old Notes validly tendered and not properly withdrawn will be accepted for exchange. Old Notes may be exchanged only in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof. If you wish to accept and participate in this exchange offer and you cannot get your required documents to the exchange agent on time, you must send all of the items required by the guaranteed delivery procedures described below.

**Guaranteed Delivery Procedures**

If you wish to tender your Old Notes and:

your Old Notes are not immediately available;

you are unable to deliver on time your Old Notes, the letter of transmittal or any other document that you are required to deliver to the exchange agent; or

you cannot complete the procedures for delivery by book-entry transfer on time,

then you may tender your Old Notes according to the guaranteed delivery procedures that are discussed in the letter of transmittal and in

Description of the Exchange Offer Procedures for Tendering Guaranteed Delivery Procedures.

**Consequences of Failure to Exchange**      If we complete the exchange offer and you do not participate in it, then:

your Old Notes will continue to be subject to the existing restrictions upon their transfer;

certain interest rate provisions will no longer apply to your Old Notes;

we will have no further obligation to provide for the registration under the Securities Act of those Old Notes except under certain limited circumstances; and

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the liquidity of the market for your Old Notes could be adversely affected.

**Taxation**

The exchange pursuant to the exchange offer generally will not be a taxable event for U.S. federal income tax purposes. See Certain U.S. Federal Income Tax Considerations in this prospectus.

**Use of Proceeds**

We will not receive any cash proceeds from the issuance of the New Notes in this exchange offer.

**Exchange Agent**

Wells Fargo Bank, National Association is the exchange agent for the exchange offer.

**Table of Contents****Summary of the New Notes**

*The New Notes will be substantially identical to the Old Notes, except that the New Notes will be registered under the Securities Act and will not have restrictions on transfer, rights to additional interest or registration rights. The New Notes will evidence the same debt as the Old Notes, and the same indenture will govern the New Notes and the Old Notes.*

*The following summary is provided solely for your convenience. The summary is not intended to be complete. You should read the full text and more specific details contained elsewhere in this prospectus. For a more detailed description of the Notes, see Description of the Notes.*

<b>Issuer</b>	Huntington Ingalls Industries, Inc.
<b>Securities Offered</b>	\$600 million aggregate principal amount of 3.483% Senior Notes due December 1, 2027.
<b>Maturity</b>	December 1, 2027.
<b>Interest</b>	Interest will be payable in cash on June 1 and December 1 of each year.
<b>Optional Redemption</b>	<p>At any time prior to September 1, 2027 (three months prior to the maturity date of the New Notes), we may redeem some or all of the New Notes at a price equal to 100% of the principal amount of the New Notes being redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus a make-whole premium as set forth under Description of the Notes Optional Redemption.</p> <p>On and after September 1, 2027 (three months prior to the maturity date of the New Notes), we may redeem some or all of the New Notes at a price equal to 100% of the principal amounts of the New Notes being redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.</p>
<b>Change of Control</b>	Upon a change of control triggering event (as defined in Description of the Notes ), we will be required to make an offer to purchase the New Notes as well as the Old Notes. The purchase price will equal 101% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase. We may not have sufficient funds available at the time of any change of control triggering event to make any required debt repayment (including repurchases of the Notes).

See Risk Factors Risks Relating to the Notes The Notes are subject to a change of control provision, and we may not have the ability to raise the funds necessary to fulfill our obligations under the Notes following a change of control triggering event.

**Guarantees**

The New Notes will be fully and unconditionally guaranteed by each of our existing and future domestic subsidiaries that guarantees debt under our Revolving Credit Facility (as defined in Description of

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Material Indebtedness Revolving Credit Facility ) and, subject to certain exceptions, by any wholly owned domestic subsidiary that incurs or guarantees debt under any Credit Facility (as defined in Description of the Notes ). The subsidiary guarantees will rank equally in right of payment with all other unsubordinated indebtedness of the subsidiary guarantors but will be effectively junior to all of the guarantors existing and future secured indebtedness to the extent of the value of the assets securing that indebtedness.

**Ranking**

The New Notes and the subsidiary guarantees will be unsecured senior obligations and will rank:

senior in right of payment to all of our and our subsidiary guarantors future senior subordinated and subordinated indebtedness;

equally in right of payment with any of our and our subsidiary guarantors existing and future unsubordinated indebtedness, including the Old Notes and our Revolving Credit Facility;

effectively junior to all of our and our subsidiary guarantors secured indebtedness to the extent of the value of the assets securing such indebtedness; and

structurally junior to all of the obligations, including trade payables, of any of our subsidiaries that do not guarantee the New Notes.

As of March 31, 2018, we had \$1.280 billion of total debt, as well as \$1.235 billion of unutilized capacity under our Revolving Credit Facility and approximately \$15.0 million of issued but undrawn letters of credit. See Description of Material Indebtedness.

**Certain Covenants**

The terms of the New Notes restrict our ability to:

incur certain debt secured by liens or enter into certain sale and leaseback transactions; and

effect a consolidation or merger.

However, these limitations will be subject to a number of important qualifications and exceptions. See Description of the Notes.

**Use of Proceeds**

We will not receive any proceeds from the exchange offer.

**No Established Trading Market**

The New Notes will be a new issue of securities with no established trading market. The New Notes will not be listed on any securities exchange or on any automated dealer quotation system. We cannot assure you that an active or liquid trading market for the New Notes will develop. If an active or liquid trading market for the New Notes does not develop, the market price and liquidity of the New Notes may be adversely affected.

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**Form and Denominations**

The New Notes will be issued in minimum denominations of \$2,000 and integral multiples of \$1,000. The New Notes will be book-entry only and registered in the name of a nominee of DTC.

**Risk Factors**

Investing in the New Notes involves substantial risks and uncertainties. See **Risk Factors** and other information included or incorporated by reference in this prospectus for a discussion of factors you should carefully consider before deciding to participate in the exchange offer.

**Trustee, Registrar and Paying Agent**

Wells Fargo Bank, National Association

**Governing Law**

The New Notes and the guarantees will be governed by the laws of the State of New York.

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The following summary historical consolidated financial and other data should be read in conjunction with the consolidated financial statements and the related notes incorporated by reference into this prospectus. The following tables set forth the summary historical consolidated financial and other data as of the dates and for the periods indicated. The summary historical condensed consolidated financial data for the three months ended March 31, 2018 and 2017 has been derived from our unaudited consolidated financial statements incorporated by reference into this prospectus. The summary historical condensed consolidated financial data as of December 31, 2017 and 2016, and for each of the years in the three-year period ended December 31, 2017 presented in the tables below, has been derived from our audited consolidated financial statements incorporated by reference into this prospectus. The summary historical condensed consolidated financial data as of December 31, 2015, 2014 and 2013, and for each of the years in the two-year period ended December 31, 2014 presented in the tables below has been derived from certain of our audited and unaudited consolidated financial statements that are not incorporated by reference into this prospectus and should be read in conjunction with such financial statements and the notes thereto. The summary historical condensed consolidated financial data as of December 31, 2014 and 2013 and for the years ended December 31, 2014 and 2013 that were not derived from our audited consolidated financial statements are the result of certain adjustments for accounting changes, made in accordance with GAAP, and are described in footnote disclosure in the table below. Historical results are not necessarily indicative of the results to be expected for future periods. Effective January 1, 2018, the Company adopted the requirements of ASU 2014-09 ( Revenue from Contracts with Customers (Topic 606) ) using the modified retrospective method. Results for reporting periods beginning after January 1, 2018 were presented under Topic 606, while prior period amounts were not adjusted and were reported in accordance with the Company's historic accounting practices.

	<b>Three Months Ended</b>		<b>Year Ended December 31,</b>				
	<b>March 31, 2018</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
(\$ in millions except per share data)							
<b>Statement of Operations data:</b>							
Sales and service revenues	\$ 1,874	\$ 1,724	\$ 7,441	\$ 7,068	\$ 7,020	\$ 6,957	\$ 6,820
Cost of sales and service revenues <sup>(1)</sup>	1,683	1,556	6,560	6,192	6,246	6,296	6,219
Operating income (loss) <sup>(1)</sup>	191	168	881	876	774	661	601
Interest expense <sup>(2)</sup>	(15)	(18)	(94)	(74)	(137)	(149)	(118)
Non-operating retirement benefit/ (expense) <sup>(1)</sup>	18	(4)	(16)	(18)	(5)	(6)	(89)
Other, net	1	1	1			1	
Earnings (loss) before income taxes	195	147	772	784	632	507	394
Federal and foreign income taxes	39	28	293	211	228	169	133
Net earnings (loss)	\$ 156	\$ 119	\$ 479	\$ 573	\$ 404	\$ 338	\$ 261
Diluted earnings per share	\$ 3.48	\$ 2.56	\$ 10.46	\$ 12.14	\$ 8.36	\$ 6.86	\$ 5.18
<b>Statement of Financial Position data (at period end):</b>							

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Cash	\$ 528	\$ 701	\$ 720	\$ 894	\$ 990	\$ 1,043
Working capital <sup>(3)</sup>	219	103	79	116	115	71 <sup>(4)</sup>
Total assets	6,376	6,374	6,352	6,024	6,239	6,190 <sup>(5)</sup>
Total long-term debt	1,280	1,279	1,278	1,273	1,562	1,665 <sup>(5)</sup>

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	Three Months Ended March 31,			Year Ended December 31,			
	2018	2017	2017	2016	2015	2014	2013
(\$ in millions except per share data)							
<b>Other financial data and ratios:</b>							
Backlog	\$ 22,079	\$ 19,952	\$ 21,367	\$ 20,735	\$ 22,062	\$ 21,430	\$ 18,038
Depreciation and amortization <sup>(6)</sup>	50	52	205	186	180	194	226
Net cash provided by (used in)							
operating activities	120	98	814	822	861	755	260 <sup>(7)</sup>
Dividends per share	0.72	0.60	2.52	2.10	1.70	1.00	0.50
Capital expenditure additions	75	58	382	285	188	165	139
Segment operating income (loss) <sup>(8)</sup>	117	120	688	715	667	585	567
Free cash flow <sup>(9)</sup>	47	40	453	537	673	590	121 <sup>(7)</sup>

- (1) Prior year disclosures for the years ended 2013-2017 were retrospectively adjusted to reflect the reclassification of interest cost, expected return on plan assets, amortization of prior service cost/credit and actuarial gain/loss, and settlement and curtailment effects of net periodic benefit expense to conform to the current year presentation, in accordance with ASU 2017-07.
- (2) Interest expense includes amortization of deferred financing fees.
- (3) Working capital calculation excludes cash.
- (4) Prior year disclosures for the year ended 2013 were retrospectively adjusted to reflect the reclassification of deferred income taxes to conform to the current year presentation under ASU 2015-17.
- (5) Prior year disclosures for the year ended 2013 were retrospectively adjusted to reflect the reclassification of debt issuance costs between miscellaneous other assets and long-term debt to conform to the current year presentation, in accordance with ASU 2015-013.
- (6) Depreciation and amortization excludes amortization of deferred financing fees.
- (7) Prior year disclosures for the year ended 2013 were retrospectively adjusted to reflect income tax benefits resulting from stock award settlement activity that previously were reported as operating activities in our consolidated statements of cash flows, in accordance with ASU 2016-09.
- (8) Segment operating income is a non-GAAP financial measure. Segment operating income (loss) is defined as operating income (loss) for the relevant segment(s) before the Operating FAS/CAS Adjustment and non-current state income taxes. The FAS/CAS Adjustment reflects the difference between expenses for pension and other postretirement benefits determined in accordance with GAAP ( FAS ) and the expenses for these items included in segment operating income in accordance with U.S. Cost Accounting Standards ( CAS ). The Operating FAS/CAS Adjustment excludes the following components of net benefit costs: interest cost, expected return on plan assets, amortization of prior service cost (credit) and actuarial gain (loss), and settlement and curtailment effects.

We provide below a reconciliation of operating income (loss) to segment operating income (loss).

	Three Months Ended March 31,			Year Ended December 31,			
	2018	2017	2017	2016	2015	2014	2013
Segment operating income (loss)	\$ 117	\$ 120	\$ 688	\$ 715	\$ 667	\$ 585	\$ 567

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Non-segment factors affecting operating  
income (loss)

Operating FAS/CAS Adjustment	72	53	205	163	109	78	28
Non-current state income taxes	2	(5)	(12)	(2)	(2)	(2)	6
Operating income (loss)	\$ 191	\$ 168	\$ 881	\$ 876	\$ 774	\$ 661	\$ 601

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(9) Free cash flow is a non-GAAP financial measure and represents cash provided by (used in) operating activities less capital expenditures net of related grant proceeds.

We provide below a reconciliation of cash flow from operating activities to free cash flow.

	<b>Three Months Ended March 31,</b>		<b>Year Ended December 31,</b>				
	<b>2018</b>	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Net cash provided by (used in) operating activities	\$ 120	\$ 98	\$ 814	\$ 822	\$ 861	\$ 755	\$ 260
Less capital expenditures:							
Capital expenditure additions	(75)	(58)	(382)	(285)	(188)	(165)	(139)
Grant proceeds for capital expenditures	2		21				
Free cash flow	\$ 47	\$ 40	\$ 453	\$ 537	\$ 673	\$ 590	\$ 121

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**RISK FACTORS**

*Participating in the exchange offer and an investment in the New Notes involves risks and uncertainties. There are a number of factors associated with our business that could affect your decision whether to invest in the New Notes. The following discussion describes the material risks currently known to us. However, additional risks that we do not know about or that we currently view as immaterial may also impair our business or adversely affect the Notes. You should carefully consider each of the following risks, which we believe are the principal risks that we face and of which we are currently aware, and all of the other information in this prospectus before making a decision to invest in the New Notes.*

**Risks Relating to our Business**

Risks relating to our business are described under Part 1, Item 1A of the subsection entitled **Risk Factors** in our Annual Report on Form 10-K for the year ended December 31, 2017, and are herein incorporated by reference.

**Risks Relating to the Notes**

Except where otherwise indicated, the following risks apply to the outstanding Old Notes and will apply equally to the New Notes. We refer to the Old Notes and the New Notes collectively as the **Notes**.

**Our debt exposes us to certain risks and we can incur substantially more debt, which may increase these risks.**

As of March 31, 2018, we had \$1.280 billion of total debt, as well as \$1.235 billion of unutilized capacity under our Revolving Credit Facility and approximately \$15 million of issued but undrawn letters of credit. Our \$1.25 billion Revolving Credit Facility permits us to solicit lenders to provide incremental revolving loan commitments, up to two new tranches of revolving credit facilities and/or new tranches of term loans in an aggregate amount not to exceed \$1.0 billion, subject to certain restrictions set forth therein.

Our Revolving Credit Facility contains restrictions on our and our subsidiaries' ability to incur additional debt. These restrictions are subject to a number of qualifications and exceptions, and we could incur substantial amounts of debt in compliance with such restrictions. See **Description of Material Indebtedness**. The indenture governing the Notes, like the indenture governing our 2025 Notes, will not limit the incurrence of debt by us or our subsidiaries, including additional secured debt (subject to the specified limitations on the incurrence of certain liens securing such debt and the requirement in certain cases that subsidiaries incurring or guaranteeing such debt also guarantee the Notes).

The amount of our existing debt, combined with our ability to incur significant amounts of debt in the future, could have important consequences, including: making it more difficult for us to satisfy our obligations with respect to the Notes; increasing our vulnerability to adverse economic or industry conditions; requiring us to dedicate a portion of our cash flow from operations to payments on our debt, thereby reducing the availability of our cash flow to fund working capital, capital expenditures and other general corporate purposes; increasing our vulnerability to, and limiting our flexibility in planning for, or reacting to, changes in our business or the industry in which we operate; exposing us to the risk of increased interest rates as borrowings under our Revolving Credit Facility are subject to variable interest rates; placing us at a competitive disadvantage compared to our competitors that have less debt; and limiting our ability to borrow additional funds. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they face would be increased, and we may not be able to meet all our debt obligations, including repayment of the Notes, in whole or in part.



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**We are subject to restrictive covenants in our Revolving Credit Facility.**

Our Revolving Credit Facility limits, and any future indebtedness that we incur may further limit, our ability, among other things, to:

incur certain debt secured by liens;

enter into sale and leaseback transactions; and

consolidate, merge or sell or otherwise dispose of all or substantially all of our assets.

Our Revolving Credit Facility also requires that we not exceed a maximum total leverage ratio. See Description of Material Indebtedness Revolving Credit Facility.

These restrictions may restrict our financial flexibility, limit strategic initiatives, restrict our ability to grow or limit our ability to respond to competitive changes. As a result of these restrictions, we will be limited in the manner in which we can conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. Accordingly, these restrictions may limit our ability to successfully execute our strategy and operate our business.

**The indenture that governs the Notes and the indenture governing our 2025 Notes contain only limited covenants.**

The indenture that governs the Notes, like the indenture governing our 2025 Notes, contains limited covenants, including those restricting our ability to incur certain debt secured by certain liens, to enter into certain sale and leaseback transactions and to effect a consolidation or merger. The limitation on liens and limitation on sale and leaseback covenants in the indenture that governs the Notes contain additional exceptions not permitted under the indenture governing our 2025 Notes that allow us and our subsidiaries to incur liens securing a significant amount of debt, and in this respect the indenture that governs the Notes provides additional flexibility compared to the indenture governing our 2025 Notes. See Description of the Notes Certain Covenants. In light of these exceptions, holders of the Notes may be structurally or effectively subordinated to new secured lenders and will not have protection against many actions that could diminish the value of the Notes.

**If we default on our obligations to pay our other debt, we may not be able to make payments on the Notes.**

Any default under the agreements governing our debt, including a default under our Revolving Credit Facility that is not waived by the required lenders or holders of such debt, and the remedies sought by the holders of such debt could prevent us from paying principal and interest on the Notes and substantially decrease the market value of the Notes. If we are unable to generate sufficient cash flow or are otherwise unable to obtain funds necessary to meet required payments of principal and interest on our debt, or if we otherwise fail to comply with the various covenants in the agreements governing our debt, including the covenants contained in our Revolving Credit Facility, we would be in default under the terms of those agreements. In the event of such a default under our Revolving Credit Facility, including a failure to satisfy the total leverage ratio requirements:

the lenders under our Revolving Credit Facility could elect to terminate their commitments thereunder, declare all the outstanding loans thereunder to be due and payable; and

such default could cause a cross-default or cross-acceleration under our other debt.

As a result of such default and any actions the lenders may take in response thereto, we could be forced into bankruptcy or liquidation.

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**The Notes will not be secured by any of our assets. Any holder of secured debt we incur in the future will have a prior claim on our assets, and your rights will be effectively junior to any such future secured indebtedness, to the extent of the value of the assets securing that indebtedness.**

The Notes and guarantees will not be secured by any of our assets and, therefore, will be effectively junior to all of our future secured indebtedness and the future secured indebtedness of the subsidiary guarantors, to the extent of the value of the assets securing such indebtedness. If any of our secured indebtedness were to be accelerated, the lenders under that secured debt would be entitled to exercise the remedies available to a secured lender under applicable law and pursuant to instruments governing such debt. Accordingly, the lenders of any such secured debt would have a prior claim on such assets. In that event, because the Notes are not secured by any of our assets, it is possible that our remaining assets might be insufficient to satisfy noteholders' claims in full. In addition, claims of the U.S. Navy for ships we are building for it may be prior to your claims under the Notes in the event of an insolvency event.

**Your rights as a noteholder will be structurally subordinated to claims of creditors of our subsidiaries that do not guarantee the Notes.**

Any liabilities of subsidiaries that do not guarantee the Notes, including any claims of trade creditors, debtholders, and preferred stockholders, if any, will be effectively senior to your claim as a holder of the Notes and related guarantees. Subject to limitations in our Revolving Credit Facility, the indenture governing our 2025 Notes and the indenture governing the Notes, such non-guarantor subsidiaries may incur additional debt (and may incur other liabilities). In the event of a bankruptcy, liquidation or reorganization of any of our non-guarantor subsidiaries, their creditors will be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to us as the holder of the equity of these subsidiaries. As of March 31, 2018, our non-guarantor subsidiaries had no material assets or liabilities.

**Our ability to meet our obligations under our debt depends on the earnings and cash flows of our subsidiaries and the ability of our subsidiaries to pay dividends or advance or repay funds to us.**

We conduct all of our operations through our subsidiaries. Consequently, our ability to service our debt is dependent, in part, upon the earnings from the businesses conducted by our subsidiaries. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts to us, whether by dividends, loans, advances or other payments. The ability of our subsidiaries to pay dividends and make other payments to us depends on their earnings, capital requirements and general financial conditions and is restricted by, among other things, applicable corporate and other laws and regulations, as well as future agreements to which our subsidiaries may be a party.

**The Notes are subject to a change of control provision, and we may not have the ability to raise the funds necessary to fulfill our obligations under the Notes following a change of control triggering event.**

Under the indenture governing the Notes, upon the occurrence of a defined change of control triggering event, which includes certain specified changes of control accompanied by certain ratings events, we will be required to offer to repurchase all outstanding Notes at 101% of the principal amount thereof plus accrued and unpaid interest to, but excluding, the date of repurchase. However, we may not have sufficient funds at the time of a change of control to make the required repurchase of the Notes. Our failure to make or complete an offer to purchase upon the occurrence of a change of control triggering event would place us in default under the indenture governing the Notes. In addition, a change of control triggering event with respect to the Notes would constitute an event of default under our Revolving Credit Facility, which would limit our ability to make a change of control payment for the Notes. As a result, in order to make any required change of control offer to purchase the Notes, we would need to repay any debt then outstanding under our Revolving Credit Facility or obtain the requisite consents from the lenders thereunder.

However, there can be no assurance that we would be able to repay such debt or obtain such consents at such time.

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**Holders of the Notes may not be able to determine when a change of control giving rise to their right to have the Notes repurchased has occurred following a sale of substantially all of our assets.**

The definition of change of control in the indenture governing the Notes includes a phrase relating to the sale of all or substantially all of our assets. There is no precise established definition of the phrase substantially all under applicable law. Accordingly, the ability of a holder of Notes to require us to repurchase its Notes as a result of a sale of less than all our assets to another person may be uncertain. In addition, some important corporate events, such as leveraged recapitalizations, the sale of our company to a public company that does not have a majority shareholder or a change in the constitution of a majority of our board of directors in certain situations, may not, under the indenture governing the Notes, constitute a change of control that would require us to repurchase the Notes, even though those corporate events could increase the level of our indebtedness or otherwise adversely affect our capital structure, credit ratings or the value of the Notes. See Description of the Notes Certain Covenants Repurchase of Notes upon a Change of Control Triggering Event.

**Insolvency and fraudulent transfer laws and other limitations may preclude the recovery of payments under the Notes and the guarantees.**

Federal bankruptcy and state fraudulent transfer and conveyance statutes may apply to the Notes and the guarantees. Although laws differ among jurisdictions, in general, under applicable fraudulent transfer or conveyance laws, the Notes or guarantees could be voided as a fraudulent transfer or conveyance if (1) we or any of the guarantors, as applicable, issued the Notes or incurred the guarantees with the intent of hindering, delaying or defrauding creditors or (2) we or any of the guarantors, as applicable, received less than reasonably equivalent value or fair consideration in return for either issuing the Notes or incurring the guarantees, and, in the case of (2) only, one of the following is also true:

we or any of the guarantors, as applicable, were insolvent or rendered insolvent by reason of the issuance of the Notes or the incurrence of the guarantees;

the issuance of the Notes or the incurrence of the guarantees left us or any of the guarantors, as applicable, with an unreasonably small amount of capital to carry on the business;

we or any of the guarantors intended to, or believed that we or such guarantor would, incur debts beyond our or such guarantor's ability to pay such debts as they mature; or

we or any of the guarantors were a defendant in an action for money damages, or had a judgment for money damages docketed against us or such guarantor if, in either case, after final judgment, the judgment is unsatisfied.

A court could find that we or a guarantor did not receive reasonably equivalent value or fair consideration for the Notes or such guarantee if we or such guarantor did not substantially benefit directly or indirectly from the issuance of the Notes or the applicable guarantee. As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or an antecedent debt is secured or satisfied. A debtor may not be considered to have received value in connection with a debt offering if the debtor uses the proceeds of that offering to make a dividend payment or otherwise retire or redeem equity securities issued by the debtor. In addition, because the

debt was incurred for our benefit, and only indirectly for the benefit of the guarantors, a court could conclude that the guarantors did not receive fair value.

As a court of equity, the bankruptcy court may subordinate the claims in respect of the Notes to other claims against us under the principle of equitable subordination if the court determines that (1) the holder of Notes engaged in some type of inequitable conduct, (2) the inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holders of Notes and (3) equitable subordination is not inconsistent with the provisions of the Bankruptcy Code.

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Different jurisdictions evaluate insolvency on various criteria. Generally, however, an entity would be considered insolvent if, at the time it incurred indebtedness:

the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;

the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature;  
or

it could not pay its debts as they become due.

We cannot be certain as to the standards a court would use to determine whether or not we or the guarantors were solvent at the relevant time or, regardless of the standard that a court used, that the issuance of the Notes and the incurrence of the guarantees would not be held to constitute fraudulent transfers or conveyances on other grounds.

If a court were to find that the issuance of the Notes or the incurrence of a guarantee was a fraudulent transfer or conveyance, the court could void the payment obligations under the Notes or such guarantee or further subordinate the Notes or such guarantee to presently existing and future indebtedness of ours or of the related guarantor, or require the holders of the Notes to repay any amounts received with respect to such guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the Notes.

Although each guarantee entered into by a guarantor will contain a provision intended to limit that guarantor's liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer, this provision may not be effective to protect those guarantees from being voided under fraudulent transfer or conveyance laws, or may reduce that guarantor's obligation to an amount that effectively makes its guarantee worthless.

### **Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.**

Some of our indebtedness bears, or in the future will bear, variable rates of interest and exposes us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness will increase even if the amount borrowed remains the same, and our net income and cash flow, including cash available for servicing our indebtedness, will correspondingly decrease.

In addition, borrowings under our Revolving Credit Facility bear and other Credit Facilities we may enter into in the future may bear interest at a base rate based on LIBOR. LIBOR and other interest rate, equity, foreign exchange rate and other types of indices that are deemed to be benchmarks are the subject of recent international, national and other regulatory guidance and proposals for reform. Some of these reforms are already effective while others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences that cannot be predicted. For example, on July 27, 2017, the Chief Executive of the U.K. Financial Conduct Authority, or FCA, which regulates LIBOR, announced that the FCA will no longer persuade or compel banks to submit rates for the calculation of LIBOR after 2021. Such announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Notwithstanding the foregoing, it appears highly likely that LIBOR will be discontinued or modified by 2021. It is not possible to predict

the effect that this announcement or any such discontinuance will have on our interest rate risk with respect to our Revolving Credit Facility or any other Credit Facility we enter into in the future.

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### **Changes in credit ratings issued by nationally recognized statistical rating organizations could adversely affect our cost of financing and the market price of our securities, including the Notes.**

Credit rating agencies rate our debt securities on factors that include our operating results, actions that we take, their view of the general outlook for our industry and their view of the general outlook for the economy. Actions taken by the credit rating agencies can include maintaining, upgrading or downgrading the current credit rating or placing us on a watch list for possible future downgrading. Downgrading the credit rating of our debt securities or placing us on a watch list for possible future downgrading by credit rating agencies, particularly those registered with the SEC as nationally recognized statistical rating organizations, would likely increase our cost of financing, limit our access to the capital markets and have an adverse effect on the market price of our securities, including the Notes.

### **There is no established trading market for the New Notes.**

The New Notes are a new issue of securities for which there is no established trading market. We do not intend to apply for listing of the New Notes on any securities exchange or to arrange for quotation on any automated dealer quotation system. As a result, an active trading market for the New Notes may not develop or be maintained, and there can be no assurance as to the liquidity of any market that does develop. If an active trading market does not develop or is not maintained, the market price and liquidity of the New Notes may be adversely affected. In that case, you may not be able to sell your New Notes at a particular time or at a favorable price. Future trading prices of the New Notes will depend on many factors, including:

our operating performance and financial condition;

the interest of securities dealers in making a market; and

the market for similar securities.

### **We may redeem your Notes at our option, which may adversely affect your return.**

We may redeem the Notes, in whole or in part, at our option at any time or from time to time at the applicable redemption prices described in this prospectus. Prevailing interest rates at the time we redeem the Notes may be lower than the interest rate on the Notes. As a result, you may not be able to reinvest the redemption proceeds in a comparable security at an interest rate equal to or higher than the interest rate on the Notes. See [Description of the Notes](#) [Optional Redemption](#) for a more detailed description of the conditions under which we may redeem the Notes.

### **Risks Relating to the Exchange Offer**

#### **The exchange offer may not be completed.**

We are not obligated to complete the exchange offer under certain circumstances. See [Description of the Exchange Offer](#) [Conditions to the Exchange Offer](#). Even if the exchange offer is completed, it may not be completed on the schedule described in this prospectus. Accordingly, holders participating in the exchange offer may have to wait longer than expected to receive their New Notes, during which time holders of Old Notes will not be able to effect transfers of their Old Notes tendered in the exchange offer.

**You may be required to deliver prospectuses and comply with other requirements in connection with any resale of the New Notes.**

If you tender your Old Notes for the purpose of participating in a distribution of the New Notes, you will be required to comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale of the New Notes. In addition, if you are a broker-dealer that receives New Notes for your own account in exchange for Old Notes that you acquired as a result of market-making activities or any other trading activities, you will be required to acknowledge that you will deliver a prospectus in connection with any resale of such New Notes.

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**If you fail to exchange your Old Notes, the existing transfer restrictions will remain in effect and the market value of your Old Notes may be adversely affected because they may be more difficult to sell.**

If you fail to exchange your Old Notes for New Notes under the exchange offer, then you will continue to be subject to the existing transfer restrictions on the Old Notes. In general, the Old Notes may not be offered or sold unless they are registered or exempt from registration under the Securities Act and applicable state securities laws. Except in connection with this exchange offer or as required by the registration rights agreement, we do not intend to register resales of the Old Notes.

The tender of Old Notes under the exchange offer will reduce the principal amount of the currently outstanding Old Notes. Due to the corresponding reduction in liquidity, this may have an adverse effect upon, and increase the volatility of, the market price of any currently outstanding Old Notes that you continue to hold following completion of the exchange offer.

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**USE OF PROCEEDS**

The exchange offer is intended to satisfy our obligations under the registration rights agreement that we entered into in connection with the private offering of the Old Notes. We will not receive any cash proceeds from the issuance of New Notes in the exchange offer. In consideration for issuing the New Notes, we will receive Old Notes in like principal amount. The Old Notes surrendered in exchange for the New Notes will be retired and cancelled.

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**Table of Contents****RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth information regarding our ratio of earnings to fixed charges for the periods shown. You should read this table in conjunction with the financial data set forth under Summary Condensed Consolidated Financial Data contained herein and our consolidated financial statements, the notes to those financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the year ended December 31, 2017 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, each of which is incorporated herein by reference.

	<b>Three Months Ended</b>		<b>Year Ended December 31,</b>			
	<b>March 31,</b>		<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
	<b>2018</b>	<b>2017</b>				
Ratio of earnings to fixed charges <sup>(1)</sup>	10.6	7.4	8.9	5.0	4.0	4.0

- (1) The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges for the periods indicated, where (1) earnings consist of earnings from continuing operations before income taxes plus fixed charges, and (2) fixed charges consist of (A) interest, whether expensed or capitalized, on all indebtedness, (B) amortization of premiums, discounts and capitalized expenses related to indebtedness, and (C) an interest component representing the estimated portion of rental expense that management believes is attributable to interest. Interest on unrecognized tax benefits is included in the tax provision and is excluded from the computation of fixed charges.

Table of Contents**CAPITALIZATION**

The following table presents our cash and cash equivalents and capitalization at March 31, 2018. The capitalization table below should be read together with the financial data set forth under Summary Condensed Consolidated Financial Data contained herein and our consolidated financial statements, the notes to those financial statements and Management's Discussion and Analysis of Financial Condition and Results of Operations in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2018, which is incorporated in this prospectus by reference.

	<b>March 31, 2018</b>
	<b>(\$ in millions)</b>
Cash and cash equivalents	\$ 528
Long-term Debt:	
5.000% Senior Notes due 2025	600
3.483% Senior Notes due 2027	600
Revolving Credit Facility	
Other debt <sup>(1)</sup>	105
Less unamortized debt issuance costs	(25)
Total long-term debt	1,280
Stockholders' Equity:	
Common stock	1
Additional paid-in capital	1,924
Retained earnings	2,029
Treasury stock	(1,138)
Accumulated other comprehensive loss	(1,098)
Total stockholders' equity	1,718
Total capitalization	\$ 2,998

(1) Our other debt consists of our Mississippi IRBs and our Go Zone IRBs, as defined and described under Description of Material Indebtedness.

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**Table of Contents****DESCRIPTION OF MATERIAL INDEBTEDNESS**

We summarize below selected provisions of our material debt agreements. The summary is not complete and does not describe every aspect of these agreements. Copies of the Credit Agreement and indenture governing the 2025 Notes, each as defined below, are available upon request. You should read these agreements in their entirety, including the defined terms, for provisions that may be important to you.

**Revolving Credit Facility**

On November 22, 2017, we entered into a Credit Agreement (the *Credit Agreement*) with JPMorgan Chase Bank, N.A., as administrative agent and an issuing bank, and the other lenders party thereto, which established an unsecured revolving credit facility of \$1.250 billion (the *Revolving Credit Facility*), which may be drawn upon during a period of five years from the date of the Revolving Credit Facility. Our Revolving Credit Facility includes a letter of credit subfacility of \$500 million. In addition, our Revolving Credit Facility permits us to solicit lenders to provide incremental revolving loan commitments, up to two new tranches of revolving credit facilities and/or new tranches of term loans in an aggregate amount not to exceed \$1.0 billion. Each of our existing and future material wholly owned domestic subsidiaries, except those that are specifically designated as unrestricted subsidiaries, are and will be guarantors under the Credit Agreement.

**Interest Rates.** The Revolving Credit Facility has a variable interest rate on outstanding borrowings, which is generally based on the London Interbank Offered Rate ( *LIBOR* ), plus a spread based upon our credit ratings, which may vary between 1.125% and 1.50%. The Revolving Credit Facility also has a commitment fee rate on the unutilized balance based on our credit ratings. The commitment fee rate as of March 31, 2018 was 0.25% and may vary between 0.20% and 0.30%. As of March 31, 2018, approximately \$15 million in letters of credit were issued but undrawn, and the remaining \$1.235 billion of the Revolving Credit Facility was unutilized.

**Covenants.** Our Revolving Credit Facility requires that we comply with customary affirmative covenants, including, but not limited to, those related to our maintaining our corporate existence, complying with applicable laws, payment of taxes, maintaining books and records, ownership of property, compliance with environmental laws, designation of subsidiaries and our maintaining a separate existence between us and our wholly owned subsidiary Titan II Inc., a Delaware corporation. Our Revolving Credit Facility also includes customary negative covenants, which include, but are not limited to, limitations on incurrence of non-guarantor subsidiary indebtedness, liens, sale and leaseback transactions, sales of assets, mergers, consolidations, liquidations and dissolutions and dividends. In addition, our Revolving Credit Facility requires that we not exceed a maximum total leverage ratio.

**Events of Default.** Our Revolving Credit Facility contains customary events of default and remedies provisions.

**5.0% Senior Notes due 2025**

In November 2015, we issued \$600 million aggregate principal amount of 5.000% Senior Notes due 2025 (the *2025 Notes*), all of which were outstanding as of March 31, 2018, pursuant to an indenture.

The terms of the 2025 Notes include limitations on the ability of us and certain of our subsidiaries to create liens, enter into certain sale and leaseback transactions or effect a consolidation or merger.

**Guarantees.** Performance of our obligations under the 2025 Notes, including any repurchase obligations resulting from a change of control, has been fully and unconditionally guaranteed, jointly and severally, on an unsecured basis, by each of our existing and future domestic subsidiaries that guarantees, and each of our wholly owned domestic

subsidiaries that incurs, debt under our Revolving Credit Facility (the Subsidiary Guarantors ), any credit facility that replaces the Revolving Credit Facility, or any credit facility, note purchase agreement or

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indenture, or any agreement that refinances debt incurred under any of the foregoing, as will any wholly owned domestic subsidiary that guarantees or incurs debt in the future under any such credit facility, note purchase agreement, indenture or other agreement. The guarantees rank equally in right of payment with all other unsecured and unsubordinated indebtedness of the Subsidiary Guarantors. The Subsidiary Guarantors are each directly or indirectly 100% owned by us. There are no significant restrictions on our ability or the ability of any Subsidiary Guarantor to obtain funds from their respective subsidiaries by dividend or loan.

**Optional Redemption.** At any time and from time to time prior to November 15, 2020, we may redeem, in whole or in part, the 2025 Notes at a price of 100% of the principal amount of the 2025 Notes redeemed, plus a make-whole premium, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time and from time to time on or after November 15, 2020, we may redeem the 2025 Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

<b>12-month period commencing November 15 in Year</b>	<b>Percentage</b>
2020	102.500%
2021	101.667%
2022	100.833%
2023 and thereafter	100.000%

In addition, before November 15, 2018, we may redeem up to 35% of the aggregate principal amount of the 2025 Notes with the proceeds of certain offerings of our common stock at 105.000% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. We may make such redemption only if, after the redemption, at least 65% of the aggregate principal amount of the 2025 Notes originally issued remains outstanding.

**Change of Control.** Upon the occurrence of certain events constituting a change of control, we are required, no later than 30 days following the change of control, to make an offer to purchase all of the outstanding 2025 Notes (unless otherwise redeemed or if a third party makes an offer to purchase the notes contemporaneously with the change of control) at a purchase price equal to 101% of their principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of purchase.

**Events of Default.** The occurrence of an event of default under the 2025 Notes would permit or require the principal of and accrued and unpaid interest on the 2025 Notes to become or to be declared due and payable. Events of default under the indenture governing the 2025 Notes include nonpayment of principal or interest when due; violation of covenants and other agreements contained in the indenture governing the 2025 Notes; cross payment default and cross acceleration of certain material debt; certain bankruptcy and insolvency events and material judgment defaults, among others.

**Mississippi Economic Development Revenue Bonds**

As of March 31, 2018, we had \$84 million outstanding under Industrial Revenue Bonds (the Mississippi IRBs ) issued by the Mississippi Business Finance Corporation. These bonds accrue interest at a fixed rate of 7.81% and mature in 2024. While repayment of principal and interest is guaranteed by Northrop Grumman Systems Corporation, we have agreed to indemnify Northrop Grumman Systems Corporation for any losses related to the guaranty. In accordance with the terms of the bonds, the proceeds have been used to finance the construction, reconstruction, and renovation of our interest in certain ship manufacturing and repair facilities, or portions thereof, located in the state of Mississippi. The terms of the Mississippi IRBs contain customary affirmative and negative covenants, including those requiring

that we: maintain our corporate existence, maintain and properly insure certain buildings and immovable equipment at our shipbuilding complex located in Jackson County, Mississippi (collectively, the Ingalls Project ) and promptly pay when due all taxes and assessments related to the Ingalls Project.

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**Gulf Opportunity Zone Industrial Development Revenue Bonds**

As of March 31, 2018, we had \$21 million outstanding under Gulf Opportunity Zone Industrial Development Revenue Bonds ( Go Zone IRBs ) issued by the Mississippi Business Finance Corporation. These bonds accrue interest at a fixed rate of 4.55% and mature in 2028. The terms of the Go Zone IRBs include customary affirmative and negative covenants, including those requiring that we: maintain our corporate existence, maintain and properly insure certain buildings and immovable equipment at our shipbuilding complex located in Pascagoula and Gulfport, Mississippi (collectively, the GO Zone Project ), promptly pay when due all taxes and assessments related to the Go Zone Project, and operate and maintain the GO Zone Project for so long as the GO Zone IRBs remain outstanding.

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**DESCRIPTION OF THE EXCHANGE OFFER**

**Purpose of the Exchange Offer**

On December 1, 2017, we issued \$600,000,000 aggregate principal amount of Old Notes in the United States only to qualified institutional buyers under Rule 144A under the Securities Act and outside the United States to non-U.S. persons in compliance with Regulation S under the Securities Act. Also on December 1, 2017, we entered into a registration rights agreement with the initial purchasers of the Old Notes, in which we agreed to file one or more registration statements with the SEC relating to an offer to exchange the Old Notes for New Notes. The registration statement of which this prospectus forms a part was filed in compliance with this obligation. We also agreed to use our commercially reasonable efforts to:

file an exchange offer registration statement with the SEC;

have such exchange offer registration statement declared effective;

cause the exchange offer registration statement to be effective continuously in order to keep the exchange offer open for a period of not less than 20 business days (or longer if required by applicable law); and

cause the exchange offer to be consummated no later than December 2, 2018.

If we do not comply with certain of our obligations under the registration rights agreement, we will be required to pay additional interest on the Old Notes. The New Notes will have terms substantially identical to the Old Notes except that the New Notes will not contain transfer restrictions in the United States, registration rights or the right to receive additional interest payable for the failure to comply with certain obligations.

If:

because of any change in applicable law or in interpretations thereof by the SEC staff, we are not permitted to effect the exchange offer;

the exchange offer is not consummated by December 2, 2018;

any initial purchaser so requests with respect to Old Notes that such initial purchaser continues to hold after consummation of the exchange offer that were not eligible to be exchanged for New Notes in the exchange offer; or

any other holder is not eligible to participate in the exchange offer and holds Old Notes after consummation of the exchange offer or any holder (other than an exchanging broker-dealer) that participates in the

exchange offer does not receive freely tradeable New Notes on the date of the exchange and, in each case, such holder so requests,

we will be required to use our commercially reasonable efforts to file with the SEC a shelf registration statement to register for public resale the Old Notes or New Notes held by any such holder within 30 days after such triggering event, or by December 2, 2018 where such triggering event is a change in law, and use our commercially reasonable efforts to have it declared effective no later than 60 days after the required filing date. We will be required to use our commercially reasonable efforts to keep the shelf registration statement effective until the date on which all New Notes registered thereunder are disposed of in accordance therewith; *provided, however*, nothing in the registration rights agreement requires us to file with the SEC or maintain the effectiveness of any additional registration statements in connection with the shelf registration following the three-year period after effectiveness of the shelf registration statement.

Each holder of Old Notes that wishes to exchange such Old Notes for transferable New Notes in the exchange offer will be required to make the following representations:

any New Notes to be received by it will be acquired in the ordinary course of its business;

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it is not engaged in, and does not intend to engage in, the distribution of the New Notes;

it has no arrangement or understanding with any person or entity, including any of our affiliates, to participate in the distribution of the New Notes;

it is not our affiliate as defined in Rule 405 under the Securities Act, or, if it is an affiliate, it will comply with any applicable registration and prospectus delivery requirements of the Securities Act; and

if such holder is a broker-dealer that will receive New Notes for its own account in exchange for Old Notes that were acquired as a result of market-making activities, that it will deliver a prospectus, as required by law, in connection with any resale of the New Notes.

Each broker-dealer that receives New Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of such New Notes. See Plan of Distribution.

### **Resale of New Notes**

Based on interpretations of the SEC staff set forth in no-action letters issued to unrelated third parties, we believe that New Notes issued in the exchange offer in exchange for Old Notes may be offered for resale, resold and otherwise transferred by any New Note holder without compliance with the registration and prospectus delivery provisions of the Securities Act, if:

such holder is not an affiliate of ours within the meaning of Rule 405 under the Securities Act;

such New Notes are acquired in the ordinary course of the holder's business; and

the holder does not intend to participate in the distribution of such New Notes.

Any holder who tenders in the exchange offer with the intention of participating in any manner in a distribution of the New Notes:

cannot rely on the position of the staff of the SEC set forth in Exxon Capital Holdings Corporation or similar interpretive letters; and

must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction.

If, as stated above, a holder cannot rely on the position of the staff of the SEC set forth in Exxon Capital Holdings Corporation or similar interpretive letters, any effective registration statement used in connection with a secondary

resale transaction must contain the selling security holder information required by Item 507 of Regulation S-K under the Securities Act.

This prospectus may be used for an offer to resell, for the resale or for other retransfer of New Notes only as specifically set forth in this prospectus. With regard to broker-dealers, only broker-dealers that acquired the Old Notes as a result of market-making activities or other trading activities may participate in the exchange offer. Each broker-dealer that receives New Notes for its own account in exchange for Old Notes, where such Old Notes were acquired by such broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the New Notes. Please read the section captioned **Plan of Distribution** for more details regarding these procedures for the transfer of New Notes. We have agreed that, for a period of 180 days after the exchange offer is consummated, we will make this prospectus available to any broker-dealer for use in connection with any resale of the New Notes.

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### **Terms of the Exchange Offer**

Upon the terms and subject to the conditions set forth in this prospectus, we will accept for exchange any Old Notes properly tendered and not withdrawn prior to the expiration date. We will issue \$1,000 principal amount of New Notes in exchange for each \$1,000 principal amount of Old Notes surrendered under the exchange offer; *provided* that the minimum principal amount of a New Note must be \$2,000. Old Notes may be tendered only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof; *provided* that the untendered portion of an Old Note must be in a minimum principal amount of \$2,000.

The form and terms of the New Notes will be substantially identical to the form and terms of the Old Notes except the New Notes will be registered under the Securities Act, will not bear legends restricting their transfer and will not provide for any additional interest upon our failure to fulfill our obligations under the registration rights agreement to consummate the exchange offer. The New Notes will evidence the same debt as the Old Notes. The New Notes will be issued under and entitled to the benefits of the indenture that authorized the issuance of the outstanding Old Notes. Consequently, the Old Notes and New Notes issued under the indenture will be treated as a single class of debt securities under the indenture.

The exchange offer is not conditioned upon any minimum aggregate principal amount of Old Notes being tendered for exchange.

As of the date of this prospectus, \$600,000,000 aggregate principal amount of the Old Notes are outstanding. There will be no fixed record date for determining registered holders of Old Notes entitled to participate in the exchange offer.

We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement, the applicable requirements of the Securities Act and the Securities Exchange Act of 1934, as amended (the Exchange Act), and the rules and regulations of the SEC. Old Notes that are not tendered for exchange in the exchange offer will remain outstanding and continue to accrue interest and will be entitled to the rights and benefits such holders have under the indenture relating to the Old Notes.

We will be deemed to have accepted for exchange properly tendered Old Notes when we have given written notice of the acceptance to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the New Notes from us and delivering New Notes to such holders. Subject to the terms of the registration rights agreement, we expressly reserve the right to amend or terminate the exchange offer, and not to accept for exchange any Old Notes not previously accepted for exchange, upon the occurrence of any of the conditions specified below under the caption **Conditions to the Exchange Offer**.

Holders who tender Old Notes in the exchange offer will not be required to pay brokerage commissions or fees, or transfer taxes with respect to the exchange of Old Notes. We will pay all charges and expenses, other than those transfer taxes described below, in connection with the exchange offer. It is important that you read the section labeled **Other Fees and Expenses** below for more details regarding fees and expenses incurred in the exchange offer.

### **Expiration Date; Extensions; Amendments**

The exchange offer for the Old Notes will expire at 5:00 p.m., New York City time, on June 14, 2018, unless we extend the exchange offer in our sole and absolute discretion.

In order to extend the exchange offer, we will notify the exchange agent in writing of any extension. We will notify in writing or by public announcement the registered holders of Old Notes of the extension no later than 9:00 a.m., New York City time, on the business day after the previously scheduled expiration date.

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We reserve the right, in our reasonable discretion:

to delay accepting for exchange any Old Notes in connection with the extension of the exchange offer;

to extend the exchange offer or to terminate the exchange offer and to refuse to accept Old Notes not previously accepted if any of the conditions set forth below under **Conditions to the Exchange Offer** have not been satisfied, by giving written notice of such delay, extension or termination to the exchange agent; or

subject to the terms of the registration rights agreement, to amend the terms of the exchange offer in any manner, *provided* that in the event of a material change in the exchange offer, including the waiver of a material condition, we will extend the exchange offer period, if necessary, so that at least five business days remain in the exchange offer following notice of the material change.

Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by written notice or public announcement thereof to the registered holders of Old Notes. If we amend the exchange offer in a manner that we determine to constitute a material change, we will promptly disclose such amendment in a manner reasonably calculated to inform the holders Old Notes of such amendment, provided that in the event of a material change in the exchange offer, including the waiver of a material condition, we will extend the exchange offer period, if necessary, so that at least five business days remain in the exchange offer following notice of the material change. If we terminate this exchange offer as provided in this prospectus before accepting any Old Notes for exchange or if we amend the terms of this exchange offer in a manner that constitutes a fundamental change in the information set forth in the registration statement of which this prospectus forms a part, we will promptly file a post-effective amendment to the registration statement of which this prospectus forms a part. In addition, we will in all events comply with our obligation to make prompt payment for all Old Notes properly tendered and accepted for exchange in the exchange offer.

Without limiting the manner in which we may choose to make public announcements of any delay in acceptance, extension, termination or amendment of the exchange offer, we shall have no obligation to publish, advertise, or otherwise communicate any such public announcement, other than by issuing a timely press release to a financial news service.

### **Conditions to the Exchange Offer**

Despite any other term of the exchange offer, we will not be required to accept for exchange, or exchange any New Notes for, any Old Notes, and we may terminate the exchange offer as provided in this prospectus before accepting any Old Notes for exchange if in our reasonable judgment:

the exchange offer, or the making of any exchange by a holder of Old Notes, would violate applicable law or any applicable interpretation of the staff of the SEC; or

any action or proceeding has been instituted or threatened in writing in any court or by or before any governmental agency with respect to the exchange offer that, in our judgment, would reasonably be expected

to impair our ability to proceed with the exchange offer.

In addition, we will not be obligated to accept for exchange the Old Notes of any holder that has not made:

the representations described under Purpose of the Exchange Offer, Procedures for Tendering and Plan of Distribution; and

such other representations as may be reasonably necessary under applicable SEC rules, regulations or interpretations to make available to us an appropriate form for registration of the New Notes under the Securities Act.