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Federal Election Commission

Attn: Ms. Kaitlin Edger

Reports Analysis Division

Re: SHIPPAC (I.D. No. C00325092) July Monthly Report (06/02/2011 06/30/2011), dated October 13, 2011

Recipient involved: Friends of Mary Landrieu Committee

Dear Ms. Edger:

In your letter dated October 13, 2011, subject as above, the Commission suggests that the Huntington Ingalls Industries Political Action Committee (SHIPPAC) and a previously affiliated separate segregated fund (SSF) made contributions to seven candidates for federal office in May and June 2011, that exceeded the \$5,000 per election contribution limit set forth in 2 U.S.C. 441a(a). In making its calculations, the Commission appears to have mistakenly aggregated SHIPPACs contributions with those made by the Employees of Northrop Grumman Political Action Committee (ENGPAC) after the date that the two SSFs ceased their affiliation as to six of these candidates.

For the reasons set forth below, the Commission should not aggregate any of ENGPACs post-April 1, 2011 contributions with SHIPPACs contributions in assessing its compliance with applicable contribution limits. SHIPPAC became disaffiliated from ENGPAC on March 31, 2011. After excluding ENGPACs post-April 1, 2011 contributions to six of these seven candidates listed in your October 13, 2011 letter, SHIPPACs contributions can be seen to comply fully with applicable contribution limits.

With respect to the contributions to the Friends of Mary Landrieu committee (Landrieu Committee) SHIPPAC agrees that its June 24, 2011 contribution, when added to the other contributions of ENGPAC while affiliated with SHIPPAC, exceeds the applicable \$5,000 limit. SHIPPAC had intended that its June 24, 2011 contribution of \$1,000 be designated for Senator Landrieus 2014 general election. However, as a result of a miscommunication between SHIPPAC and its bank, the \$1,000 check was issued with a designation to Senator Landrieus 2014 primary election campaign. On November 9, 2011, SHIPPAC requested a refund from the Landrieu Committee. A copy of the refund request will be provided by separate cover.

SHIPPAC Disaffiliation with ENGPAC

Prior to March 31, 2011, Northrop Grumman Shipbuilding, Inc. (NGSB), the connected organization to SHIPPAC, was operated as a wholly owned subsidiary of Northrop Grumman Corporation (NGC). In its filings with the Commission prior to that date, SHIPPAC indicated that it was a political committee affiliated with the NGCs separately segregated fund, ENGPAC, because NGC owned and controlled NGSB.

On March 31, 2011, NGC spun off its shipbuilding business into a publically traded, independent corporation, Huntington Ingalls Industries, Inc. (HII). As part of the corporate restructuring and spin off, the assets of NGSB were transferred to HII and NGSB became a wholly owned subsidiary of HII.

Thus, as of March 31, 2011:

- (i) NGC no longer owns a controlling interest in HII or any of its subsidiaries;
- (ii) NGC has no authority or ability to direct or participate in the governance of HII;
- (iii) NGC has no authority or ability to hire, appoint, demote or otherwise control the officers or employees of HII;
- (iv) There are no overlapping members of ENGPAC and SHIPPAC;
- (v) There are no common officers or employees of NGC and HII;
- (vi) There are no common directors of NGC and HII;
- (vii) Neither HII nor NGC provides any funds to the others political action committee;
- (viii) Neither HII nor NGC had any formal role in the establishment of the others political action committee; and
- (ix) HII makes contributions independent of and without consulting NGC.

On March 31, 2011, SHIPPAC filed an amended Form 1, Statement of Organization, showing HII as its new connected organization. In its filing, SHIPPAC no longer listed ENGPAC as an affiliated committee because ENGPAC and SHIPPAC were no longer affiliated, as that term is defined in 11 C.F.R. 100.5(g)(2), after NGCs restructuring

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of its business through the spin-off of HII.

In making this filing, HII, through its outside counsel, contacted the Commission and was informed that the amended Form 1 was the only form that SHIPPAC was required to file to reflect it was no longer affiliated with ENGPAC. By this filing, HII requests that the Commission update its records to recognize that SHIPPAC became disaffiliated from ENGPAC as of March 31, 2011.

Because the conditions for affiliation as set forth 11 C.F.R. 100.5(g)(4)(ii) are not present in the post April 1, 2011 relationship between ENGPAC and SHIPPAC, the two committees ceased sharing a single contribution limit of \$5000 per election cycle for contributions made after NGCs corporate restructuring and spin off of HII. HII recognizes that contributions made by ENGPAC before the spin-off count towards SHIPPACs limit because they were made while the committees were affiliated. Thus, HII established a process to review ENGPACs pre-March 31, 2011 contributions to ensure that any such pre March 31, 2011 contributions by ENGPAC were taken into account in making SHIPPACs May and June contributions so that the totals did not exceed the \$5000 per election limit.

Landrieu Contribution

SHIPPAC, aware of the ENGPACs June 1, 2010 contribution of \$5,000 to Senator Landrieus 2014 primary campaign, had intended that its June 26, 2011 contribution be applied to Senator Landrieus 2014 general election. However, as a result of a miscommunication with its bank, SHIPPACs \$1,000 contribution was erroneously designated for Senator Landrieus 2014 primary election. As corrective actions, SHIPPAC has requested a refund of \$1,000 from the Landrieu Committee as the 60 day time period for re-designation has passed.

Upon receipt of the refund, SHIPPAC will make the appropriate disclosure on Schedule A, supporting line 16 of the report covering the time period during which it is received.

Conclusion

SHIPPACs filing of its amended Form 1 on March 31, 2011, was made in good faith and was based upon its belief, after consultation with Commission staff, that no other paperwork was required to inform the Commission of SHIPPACs disaffiliation with ENGPAC. SHIPPAC regrets any inconvenience that not further including this information in a Form 99 may have caused the Commission. Further, SHIPPACs erroneous designation of its contribution to the Landrieu Committee was inadvertent and SHIPPAC took action to correct the error upon the Commissions drawing it to SHIPPACs attention.

Should you have any further questions, you may contact James J. Gildea, Vice President and Chief Counsel, Newport news Shipbuilding Divisions, Huntington Ingalls Industries, Inc. at 757-380-7449 or by e-mail at james.gildea@hii-co.com.