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**NEWPORT NEWS SHIPBUILDING REPORTS SECOND QUARTER EARNINGS**  
**ADJUSTED EPS UP 16 PERCENT FROM PRIOR YEAR'S QUARTER**

NEWPORT NEWS, Va., July 17, 2001 – Newport News Shipbuilding (NYSE: NNS) today reported net earnings of \$21 million, or \$0.69 per diluted share, for the second quarter of 2001. Earnings before interest and taxes (EBIT) for the quarter were \$49 million. The second quarter results included merger related charges of approximately \$9 million, or \$0.17 per share. Adjusted for these nonrecurring items, the Company's earnings per share (EPS) were \$0.86, up 16 percent from \$0.74 per diluted share reported in the same period one year ago. Free cash flow was \$73 million for the quarter, or \$2.33 per share.

The second quarter revenues were \$576 million, up 8 percent from \$532 million reported in the second quarter of 2000. The revenue growth was driven by strong performance in both the Construction and Engineering segments. "Construction revenues advanced 20 percent over the second quarter of 2000 and Engineering revenues increased 9 percent over the same period a year ago," said Fricks. "The Construction segment continues to benefit from the ramp up in activity on both *Virginia*-class submarines and CVN 77. Design efforts on the CVNX propulsion plant drove the higher Engineering revenues." Consistent with the revenue gains, adjusted EBIT of \$58 million in the second quarter increased 7 percent over the \$54 million reported in the same period last year.

"While managing our strategic initiatives we maintained our operating focus and achieved another outstanding quarter," noted Chairman and Chief Executive Officer William P. Fricks. "We reported solid growth in revenues, EPS, and cash flow. In addition, we redelivered *Nimitz* after a successful refueling and negotiated a \$1.5 billion contract for the *Eisenhower* refueling and overhaul, increasing our backlog to \$8.3 billion at the end of the second quarter."

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Newport News Shipbuilding designs and constructs nuclear powered aircraft carriers and submarines for the U.S. Navy and provides lifecycle services for ships in the Navy fleet. The Company employs about 17,400 people, and has revenues of approximately \$2 billion.

**(financial information attached)**

**Newport News Shipbuilding Inc.**  
**Consolidated Statement of Earnings (Unaudited)**  
**(Excluding Nonrecurring Items\*)**

Dollars in Millions, Except Per Share Amounts

	<u>Second Quarter</u>		<u>Second Qtr YTD</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues	\$ 576	\$ 532	\$ 1,061	\$ 1,001
Operating Costs and Expenses	(519)	(478)	(953)	(901)
Other Income (Expense), net	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>
Operating Earnings	58	54	109	101
Interest Expense, net	<u>(13)</u>	<u>(14)</u>	<u>(24)</u>	<u>(25)</u>
Earnings Before Income Taxes	45	40	85	76
Provision for Income Taxes	<u>(18)</u>	<u>(16)</u>	<u>(34)</u>	<u>(31)</u>
Net Earnings	<u>\$ 27</u>	<u>\$ 24</u>	<u>\$ 51</u>	<u>\$ 45</u>
Earnings Per Share				
– Basic	<u>\$ 0.91</u>	<u>\$ 0.77</u>	<u>\$ 1.71</u>	<u>\$ 1.42</u>
– Diluted	<u>\$ 0.86</u>	<u>\$ 0.74</u>	<u>\$ 1.61</u>	<u>\$ 1.36</u>
Weighted Average Shares (in millions)				
– Basic	<u>29.5</u>	<u>30.9</u>	<u>29.6</u>	<u>31.5</u>
– Diluted	<u>31.4</u>	<u>32.3</u>	<u>31.4</u>	<u>32.7</u>

**Newport News Shipbuilding Inc.**  
**Revenues and Operating Earnings by Activity (Unaudited)**  
**(Excluding Nonrecurring Items\*)**

Dollars in Millions

	<u>Second Quarter</u>		<u>Second Qtr YTD</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues:				
Construction	\$ 273	\$ 227	\$ 504	\$ 433
Fleet Services	212	219	397	411
Engineering	87	80	154	148
Related Businesses & Other	<u>4</u>	<u>6</u>	<u>6</u>	<u>9</u>
Total	<u>\$ 576</u>	<u>\$ 532</u>	<u>\$ 1,061</u>	<u>\$ 1,001</u>
Operating Earnings:				
Construction	\$ 32	\$ 27	\$ 59	\$ 51
Fleet Services	20	22	40	39
Engineering	5	4	9	9
Related Businesses & Other	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>
Total	<u>\$ 58</u>	<u>\$ 54</u>	<u>\$ 109</u>	<u>\$ 101</u>

\* Nonrecurring items consists of approximately \$9 million of merger related charges recognized in the second quarter of 2001.

**Consolidated Statement of Earnings (Unaudited)**  
**(Including Nonrecurring Items\*)**

Dollars in Millions, Except Per Share Amounts

	<u>Second Quarter</u>		<u>Second Qtr YTD</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues	\$ 576	\$ 532	\$ 1,061	\$ 1,001
Operating Costs and Expenses	(525)	(478)	(959)	(901)
Other Income (Expense), net	(2)	-	(2)	1
Operating Earnings	49	54	100	101
Interest Expense, net	(13)	(14)	(24)	(25)
Earnings Before Income Taxes	36	40	76	76
Provision for Income Taxes	(15)	(16)	(31)	(31)
Net Earnings	<u>\$ 21</u>	<u>\$ 24</u>	<u>\$ 45</u>	<u>\$ 45</u>
Earnings Per Share				
– Basic	<u>\$ 0.73</u>	<u>\$ 0.77</u>	<u>\$ 1.53</u>	<u>\$ 1.42</u>
– Diluted	<u>\$ 0.69</u>	<u>\$ 0.74</u>	<u>\$ 1.44</u>	<u>\$ 1.36</u>
Weighted Average Shares (in millions)				
– Basic	<u>29.5</u>	<u>30.9</u>	<u>29.6</u>	<u>31.5</u>
– Diluted	<u>31.4</u>	<u>32.3</u>	<u>31.4</u>	<u>32.7</u>

**Newport News Shipbuilding Inc.**  
**Revenues and Operating Earnings by Activity (Unaudited)**  
**(Including Nonrecurring Items\*)**

Dollars in Millions

	<u>Second Quarter</u>		<u>Second Qtr YTD</u>	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Revenues:				
Construction	\$ 273	\$ 227	\$ 504	\$ 433
Fleet Services	212	219	397	411
Engineering	87	80	154	148
Related Businesses & Other	4	6	6	9
Total	<u>\$ 576</u>	<u>\$ 532</u>	<u>\$ 1,061</u>	<u>\$ 1,001</u>
Operating Earnings:				
Construction	\$ 28	\$ 27	\$ 55	\$ 51
Fleet Services	18	22	38	39
Engineering	5	4	9	9
Related Businesses & Other	(2)	1	(2)	2
Total	<u>\$ 49</u>	<u>\$ 54</u>	<u>\$ 100</u>	<u>\$ 101</u>

\* Nonrecurring items consists of approximately \$9 million in merger related charges recognized in the second quarter of 2001.

**Selected Financial Data (Unaudited)**

Dollars in Millions

	<u>Quarter Ended</u>		<u>Year Ended</u>
	<u>6/17/2001</u>	<u>3/18/2001</u>	<u>12/31/2000</u>
Cash and Marketable Securities	\$ 46	\$ 3	\$ 3
Short-Term Debt	38	29	29
Long-Term Debt	447	473	498
Net Debt (Total Debt net of Cash)	439	499	524
Shareholders' Equity	279	259	258
Total Debt-to-Capital	63%	66%	67%
Backlog (\$ billions) (1)	\$ 8.3	\$ 6.9	\$ 3.1
Capital Expenditures (Year-to-Date)	7	3	35
Depreciation & Amortization (Year-to-Date)	27	14	55
Employment	17,400	17,200	17,000
Ending Shares Outstanding (millions)	29.5	29.6	29.7

## Notes:

- (1) Funded backlog was \$6.3 billion, \$6.1 billion, and \$2.2 billion at 6/17/2001, 3/18/2001, and 12/31/2000, respectively.

**CAUTIONARY STATEMENT FOR PURPOSES OF "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

*This news release contains forward-looking statements concerning, among other things, the company's prospects, expectations and business objectives and strategies. In this release, these forward-looking statements are identified by terms and phrases such as, but not limited to, "outlook," "estimates," "expectation," "expects," "expect to," "future," "goal," "anticipation," "targeted," "will ensure," "will be," "will assume," "will benefit," "will increase" "will provide," "will start," "once under contract," "should," "objectives," "on track," "progresses toward," and "scheduled." Readers are cautioned that these statements are based on assumptions that are subject to risks and uncertainties. No assurance can be given that the company's actual results will not differ materially from the results discussed in these statements. Factors that might cause such a difference include, but are not limited to, those discussed in the company's 2000 Annual Report to Stockholders and in Item 1 of the company's 2000 Annual Report on Form 10-K (under the caption "Government Contracting, Claims and Investigations") and in Note 13 ("Commitments and Contingencies - Government Contracting and - Significant Estimates") and Note 3 ("Commitments and Contingencies - Government Contracting") to the Consolidated Financial Statements of the company contained in its 2000 Annual Report on Form 10-K.*