

NORTHROP GRUMMANNorthrop Grumman Corporation
Shipbuilding4101 Washington Avenue
Newport News, VA 23607
Telephone 757-380-2000

November 19, 2010

U.S. Nuclear Regulatory Commission
Region I
Division of Nuclear Materials Safety
Attention: Licensing Assistance Team
475 Allendale Road
King Of Prussia, PA 19406-1415

Subject: Notice and Request for Prior Written Consent for Potential Deemed Indirect Transfer of Control of Materials Licenses held by Northrop Grumman Shipbuilding, Inc.

Dear Sirs:

Northrop Grumman Shipbuilding, Inc. ("NGSB") is currently the holder of the following licenses issued by the Nuclear Regulatory Commission ("NRC" or the "Commission"):

- Materials License No. 45-09428-02 (Docket No. 030-06585) → Br 3 - MC # 573942
- Materials License No. 45-09428-03 (Docket No. 030-06586) → Br. 4 - MC # 573943

The purpose of this letter is to notify the NRC and, as a precaution, seek prior written consent for what NRC may deem to be an indirect transfer of control of the above listed Part 30 materials licenses.

Below is a summary of the proposed transaction and timing considerations.

Proposed Transaction. The current parent company of NGSB, Northrop Grumman Corporation ("NGC") is planning a potential spin-off of its shipbuilding business, conducted through NGSB, to its shareholders. As part of the spin-off, NGC would effect an internal reorganization, involving the formation of a new holding

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company, referred to as "New Ships." At the time of the spin-off, New Ships would own all of the outstanding stock of NGSB. In the spin-off, the public shareholders of NGC would receive a pro rata distribution of the common stock of New Ships. Immediately after the spin-off, New Ships would be a publicly traded company and at such time, the shareholders of New Ships would be identical to the shareholders of NGC. There would be no change in NGSB or the beneficial/ultimate ownership of NGSB. However, New Ships would become the new direct parent of NGSB. The potential transaction should be of no concern to the NRC. Out of an abundance of caution, however, NGSB requests the Commission to grant its prior written consent to the potential transaction to the extent it may deem the transfer of ownership of NGSB from NGC to New Ships (the "corporate restructuring") an indirect transfer of control of a licensee.

Timing. To effect the proposed spin-off, New Ships must file a Form 10 with the Securities and Exchange Commission (the "SEC") and the SEC must declare the Form 10 effective. The initial Form 10 was filed on October 15, 2010 and NGC expects that the SEC will be in a position to declare the Form 10 effective in January 2011. Once the Form 10 is effective, the spin-off of New Ships would be completed as soon as a few weeks later, in February 2011. As discussed herein, in order to allow the timely completion of the transaction under consideration, **NGSB respectfully requests the Commission to act on this request by no later than January 17, 2011.**

In accordance with the regulatory guidance in NUREG-1556 and Information Notice Nos. 89-25 and 89-25, Rev. 1, NGSB provides the following information regarding the corporate restructuring under consideration. In particular, we have provided information below in accordance with the itemized list of information requested in Appendix E, "Information Needed for Transfer of Control Application," of NUREG-1556, Volume 2, below. Consistent with the regulatory guidance, if any items are not applicable, NGSB so states.

1. *The new name of the licensed organization. If there is no change, the licensee should so state.*

Response: This request for prior written consent does not include a change to the name of the licensee. In the event that NGSB later requests a technical amendment to change its name NGSB will do so through a separate request to the Commission.

2. *The new licensee contact and telephone number(s) to facilitate communications.*

Response: The licensee contacts and telephone numbers will not change.

3. *Any changes in personnel having control over licensed activities (e.g., officers of a corporation) and any changes in personnel named in the license such as*

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radiation safety officer, authorized users, or any other persons identified in previous license applications as responsible for radiation safety or use of or use of licensed material. The licensee should include information concerning the qualifications, training, and responsibilities of new individuals.

Response: There will be in no changes in the personnel named in the licenses including the radiation safety officers, authorized users, or other persons identified in previous licenses applications as responsible for radiation safety or use of licensed material as a result of the corporate restructuring. There may be some changes in officers of NGSB that do not have control over licensed activities, however, all of the officers of NGSB will continue to be U.S. citizens.

4. *An indication of whether the transferor will remain in non-licensed business without the license.*

Response: Not applicable. The materials licenses will remain with NGSB.

5. *A complete, clear description of the transaction, including any transfer of stocks or assets, mergers, etc., so that legal counsel is able, when necessary, to differentiate between name changes and transfer of control.*

Response: On July 13, 2010, NGC announced plans to explore strategic alternatives for its shipbuilding business, which is currently operated by NGSB and its subsidiaries, and that such alternatives could include a possible spin-off. On October 15, 2010, New Ships, Inc. ("New Ships"), a newly formed subsidiary of NGC, filed a Form 10 with the SEC regarding the possible spin-off of NGC's shipbuilding business to NGC's shareholders. In connection with the proposed spin-off of New Ships, NGC would complete an internal reorganization (the "Internal Reorganization") that would result in:

- The creation of a new publicly traded holding company that directly and indirectly owns all of the capital stock of NGC and its subsidiaries ("New NGC").
- New NGC changing its name to "Northrop Grumman Corporation."
- New Ships becoming the parent company of the licensee, NGSB, the entity that holds the NRC materials licenses for NGSB's Newport News operations.

After completion of the Internal Reorganization, New NGC would complete the spin-off by way of a *pro rata* distribution of New Ships common stock to its public shareholders, and New Ships would be a separate publicly traded holding company. Immediately after completion of the spin-off, New NGC and New Ships would be owned by the same public shareholders.

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A diagram illustrating the effect of the potential Internal Reorganization, including the corporate restructuring, and the spin-off is set forth in Attachment A for your reference.

On October 15, 2010, New Ships filed a Form 10 with the SEC. NGC anticipates that the SEC could be in a position to declare the registration statement effective in January and that the spin-off could occur as soon as a few weeks later.

In addition:

- After the spin-off, NGSB would not change as a corporate entity.
 - After the spin-off, NGSB would continue its business and operations as an independent subsidiary of New Ships, including operations in Newport News, Virginia and in the Gulf Coast area (Mississippi and Louisiana). The NRC licensed materials that are the subject of this submittal are used only at the Newport News operations, and this would not change.
 - The Internal Reorganization and spin-off will in no way affect the custody, control, safety procedures, training or responsibilities of the Radiation Safety Officers or authorized users of licensed materials.
 - No foreign ownership or control would result from the Internal Reorganization and the spin-off.
6. *A complete description of any planned changes in organization, location, facility, equipment, or procedures (i.e., changes in operating or emergency procedures).*

Response: There would be no change in organization, location, facilities, equipment, or procedures related to the materials licenses or radiological safety as a result of the corporate restructuring.

7. *A detailed description of any changes in the use, possession, location, or storage of the licensed materials.*

Response: There would be no changes in the use, possession, location, or storage of the licensed materials as a result of the corporate restructuring.

8. *Any changes in organization, location, facilities, equipment, procedures, or personnel that would require a license amendment even without the transfer of control.*

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Response: There would be no changes in organization, location, facilities, equipment, procedures, or personnel that would require a license amendment even without the possible deemed transfer of control.

9. *An indication of whether all surveillance items and records (e.g., calibrations, leak tests, surveys, inventories, and accountability requirements) will be current at the time of transfer. Provide a description of the status of all surveillance requirements and records.*

Response: Not applicable. The materials licenses and all related surveillance items and records would remain with NGSB in the corporate restructuring.

10. *Confirmation that all records concerning the safe and effective decommissioning of the facility, pursuant to 10 CFR 30.35(g), 40.36(f), 70.25(g), and 72.30(d); public dose; and waste disposal by release to sewers, incineration, radioactive materials spills, and on-site burials, have been transferred to the new licensee, if licensed activities will continue at the same location, or to the NRC for license terminations.*

Response: Not applicable. The materials licenses and all related records concerning decommissioning, public dose, and waste disposal would remain with NGSB in the corporate restructuring.

11. *A description of the status of the facility. Specifically, the presence or absence of contamination should be documented. If contamination is present, will decontamination occur before transfer? If not, does the successor company agree to assume full liability for the decontamination of the facility or site?*

Response: Not applicable. The materials licenses would remain with NGSB and there will be no change in the facilities in the corporate restructuring.

12. *A description of any decontamination plans, including financial assurance arrangements or the transferee, as specific in 10 CFR 30.35, 40.36 and 70.25. Include information about how the transferee and transferor propose to divide the transferor's assets, and responsibility for any cleanup needed at the time of the transfer.*

Response: Not applicable. The materials licenses will remain with NGSB and all related decommissioning plans and financial assurance arrangements would remain unchanged in the corporate restructuring.

13. *Confirmation that the transferee agrees to abide by all commitments and representations previously made to NRC by the transferor. These include, but are*

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not limited to: maintaining decommissioning records required by 10 CFR 30.35(g); implementing decontamination activities and decommissioning of the site; and completing corrective actions for open inspection items and enforcement actions.

With regard to contamination of facilities and equipment, the transferee should confirm, in writing, that it accepts full liability for the site, and should provide evidence of adequate resources to fund decommissioning; or the transferor should provide a commitment to decontaminate the facility before transferring control.

With regard to open inspection items, etc., the transferee should confirm, in writing, that it accepts full responsibility for open inspection items and/or any resulting enforcement actions; or the transferee proposes alternative measures for meeting the requirements; or the transferor provides a commitment to close out all such actions with NRC before license transfer.

Response: Not applicable. The materials licenses would remain with NGSB in the corporate restructuring.

14. *Documentation that the transferor and transferee agree to transferring control of the licensed material and activity; documentation of the conditions of transfer; and documentation that the transferee is made aware of all open inspection items and its responsibility for possible resulting enforcement actions.*

Response: Not applicable. The materials licenses will remain with NGSB in the corporate restructuring.

15. *A commitment by the transferee to abide by all constraints, conditions, requirements, representations, and commitments identified in the existing license. Lacking this, the transferee must provide a description of its program, to ensure compliance with the license and regulations.*

Response: Not applicable. The materials licenses would remain with NGSB in the corporate restructuring.

As the responses above make clear, the corporate restructuring under consideration will have no effect on the day-to-day operations of NGSB. Both before and after the corporate restructuring, NGSB will continue to hold the materials licenses and will continue to operate under the conditions, requirements, representations, and commitments identified in its NRC licenses, including the safety and control procedures.

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If you have any questions or need any addition information regarding the potential corporate restructuring, please contact the undersigned at 757-688-7124 or via e-mail at ann.l.pharr@ngc.com.

Since the spin-off could occur as early as February 2011, your prompt consideration and action on this request for prior written consent, by no later than January 17, 2011 would be greatly appreciated.

Very truly yours,



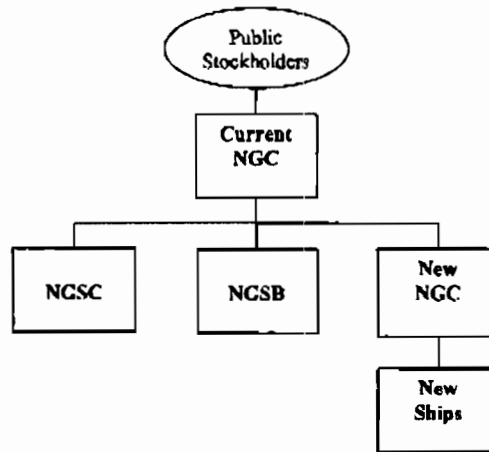
Ann L. Pharr
Senior Counsel
Northrop Grumman Shipbuilding, Inc.

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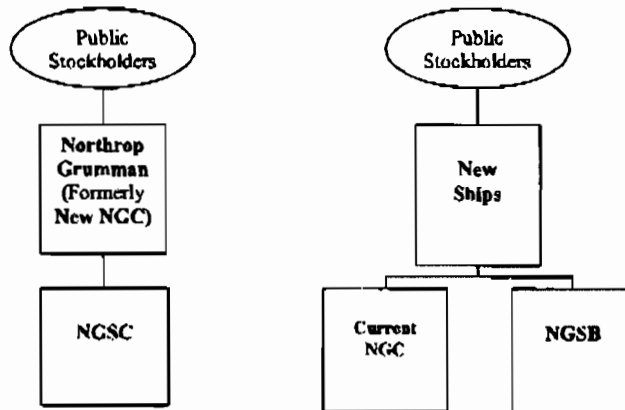
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**Attachment A – Corporate Organization Charts
Before and After the Potential Corporate Restructuring**

The diagram below shows the current organizational structure of Northrop Grumman showing the ownership of NGSB:*



The diagram below shows the organizational structure of Northrop Grumman, New Ships, and NGSB following the proposed spin-off transaction:*



* Note that these are simplified organizational charts of Northrop Grumman that correctly show the ownership relationship of Northrop Grumman, NGSB, and the Public Stockholders both before and after the proposed spin-off transaction.

This is to acknowledge the receipt of your letter/application dated

11/19/2010, and to inform you that the initial processing which includes an administrative review has been performed.

Notifications (45-09428-02/45-09428-03)
There were no administrative omissions. Your application was assigned to a technical reviewer. Please note that the technical review may identify additional omissions or require additional information.

Please provide to this office within 30 days of your receipt of this card

A copy of your action has been forwarded to our License Fee & Accounts Receivable Branch, who will contact you separately if there is a fee issue involved.

Your action has been assigned **Mail Control Number** 573942/573943
When calling to inquire about this action, please refer to this control number.
You may call us on (610) 337-5398, or 337-5260.