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DL-081496-01

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TENNECO

**Newport News
Shipbuilding**

August 14, 1996

U. S. Nuclear Regulatory Commission
Division of Industrial and Medical Nuclear Safety
Office of Nuclear Material Safety and Safeguards
Washington, D. C. 20555-0001

Subject: Change in Ownership of Licensee Newport News Industrial Corporation

Dear Sirs:

Newport News Industrial Corporation (NNI) is currently the holder of the following license and/or approval issued by the Nuclear Regulatory Commission:

Materials License No. 45-11589-02

The purpose of this letter is to notify the Nuclear Regulatory Commission of a change in the ownership status of NNI. Although the change will not affect the company's business, facility, operations, control of licensed materials, or safety procedures in any way, we submit the following information for your approval in accordance with NRC Information Notice 89-25, Rev. 1, dated December 7, 1994. We have provided information in accordance with the itemized list of "Information Needed for Change of Ownership Application" as follows:

1. The name of the licensed organization, Newport News Industrial Corporation, will change to Newport News Shipbuilding Inc., and Newport News Industrial will continue to operate as a division of Newport News Shipbuilding Inc.
2. The licensee contacts and telephone numbers will not change.
3. The personnel having control over licensed activities (i.e., officers of the corporation) are not expected to change. The personnel named in the licenses (i.e., radiation safety officer, authorized users, or other persons identified in licenses applications as responsible for radiation safety or use of licensed material) will not change as a result of this change in ownership status of NNI.
4. The nature of the business will not change.

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5. The nature of the change is a "spin-off," which will result in NNI becoming the unincorporated division of a publicly-traded company which will be named Newport News Shipbuilding Inc., a Delaware corporation. A description of the transaction follows:

- Currently, NNI is a wholly-owned subsidiary of Newport News Shipbuilding and Dry Dock Company (NNS&DDCo.), which is a wholly-owned subsidiary of Tenneco InterAmerica Inc., which is part of the ownership chain ultimately owned by Tenneco Inc., a Delaware corporation. NNI is a Virginia corporation. See Exhibit A, "Shipbuilding Organizational Chart."
 - As a part of a general reorganization, Tenneco will spin off NNS&DDCo., which will afterwards continue its business and operations as an independent publicly traded corporation. As demonstrated in Exhibit B, NNS&DDCo. will retain its name and remain a Virginia corporation, but will be owned by Newport News Shipbuilding Inc., a Delaware holding company formed by the merger of Newport News Industrial Corporation into Tenneco InterAmerica Inc. Following the merger of Newport News Industrial and Tenneco InterAmerica, the name of the holding company will be changed to Newport News Shipbuilding Inc., and Newport News Industrial will continue its operations as a division of Newport News Shipbuilding Inc. (NNS). Finally, the stock of Newport News Shipbuilding Inc. (NNS) will be distributed to current Tenneco shareholders, and the stock will be listed on the New York Stock Exchange and publicly traded.
 - The spin-off, which is scheduled to occur on or about November 14, 1996, has been structured in order to qualify with the Internal Revenue Service as a tax-free transaction. The arrangements will in no way affect the custody, control, safety procedures, training or responsibilities of the safety officers or authorized users of licensed materials.
6. No changes will occur in the organization, location, facility, equipment, or procedures of the licensee.
7. No changes will occur in the use, possession, location, or storage of the licensed materials.
8. No changes will occur as a result of the spin-off that would require a license amendment.
- 9 to 15: Since NNI's facility is not being decommissioned, and the licenses are not being transferred, these items are not applicable.

Newport News Industrial Corporation will continue its operations under all conditions, requirements, and commitments identified in its NRC licenses, including all safety and control procedures. If there are any questions concerning the change in the company's ownership or any

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other information needed by the NRC in the approval, please contact A. L. Pharr at 757-688-7124. As you can appreciate, we are operating under a strict time schedule, so your prompt consideration of our application would be greatly appreciated.

Very truly yours,



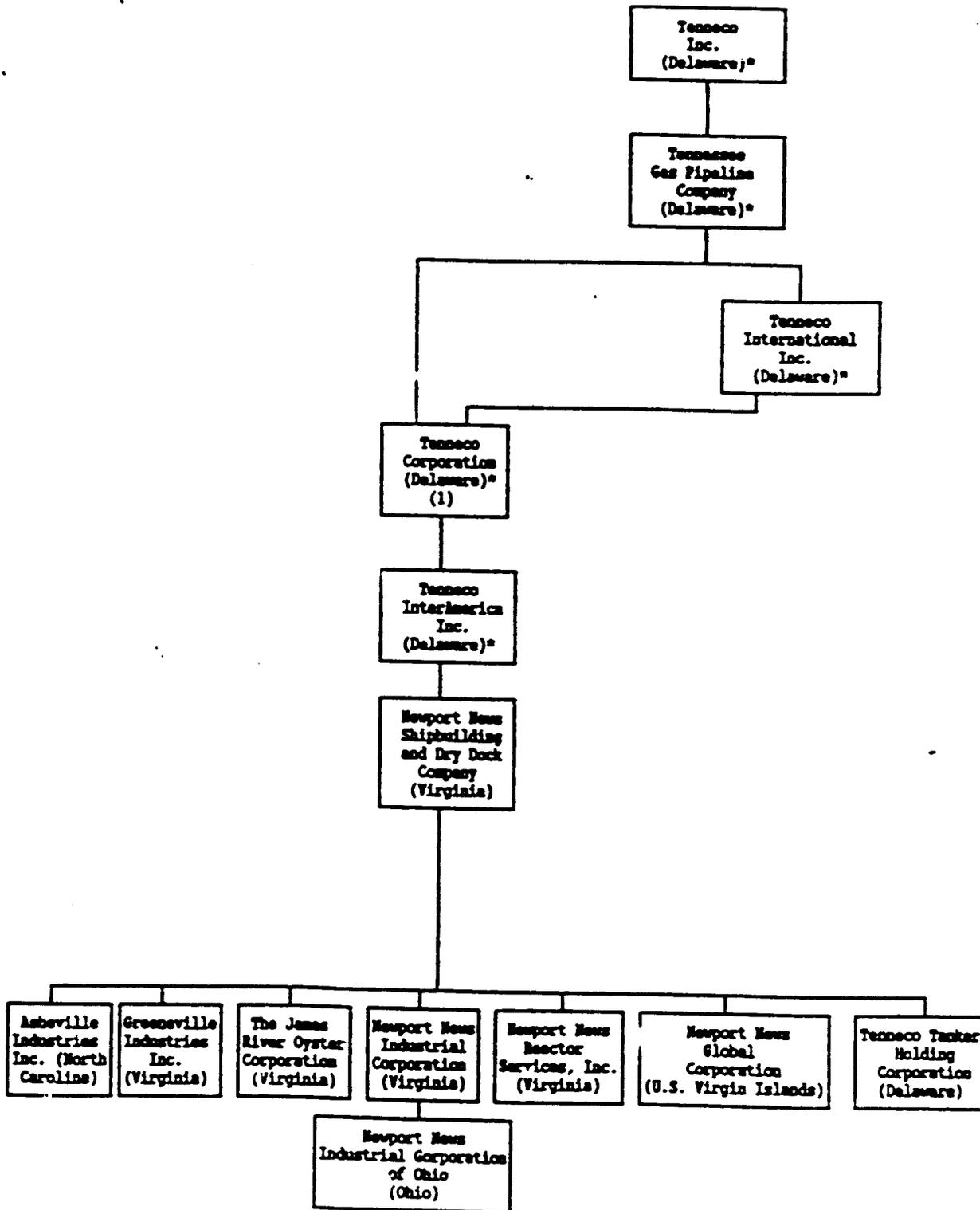
Stephen B. Clarkson
Vice President and General Counsel

Attachments:

- Exhibit A: Shipbuilding Organization Chart: Present Structure (Before Spin-Off)
- Exhibit B: Shipbuilding Organization Chart: Future Structure (After Spin-Off)

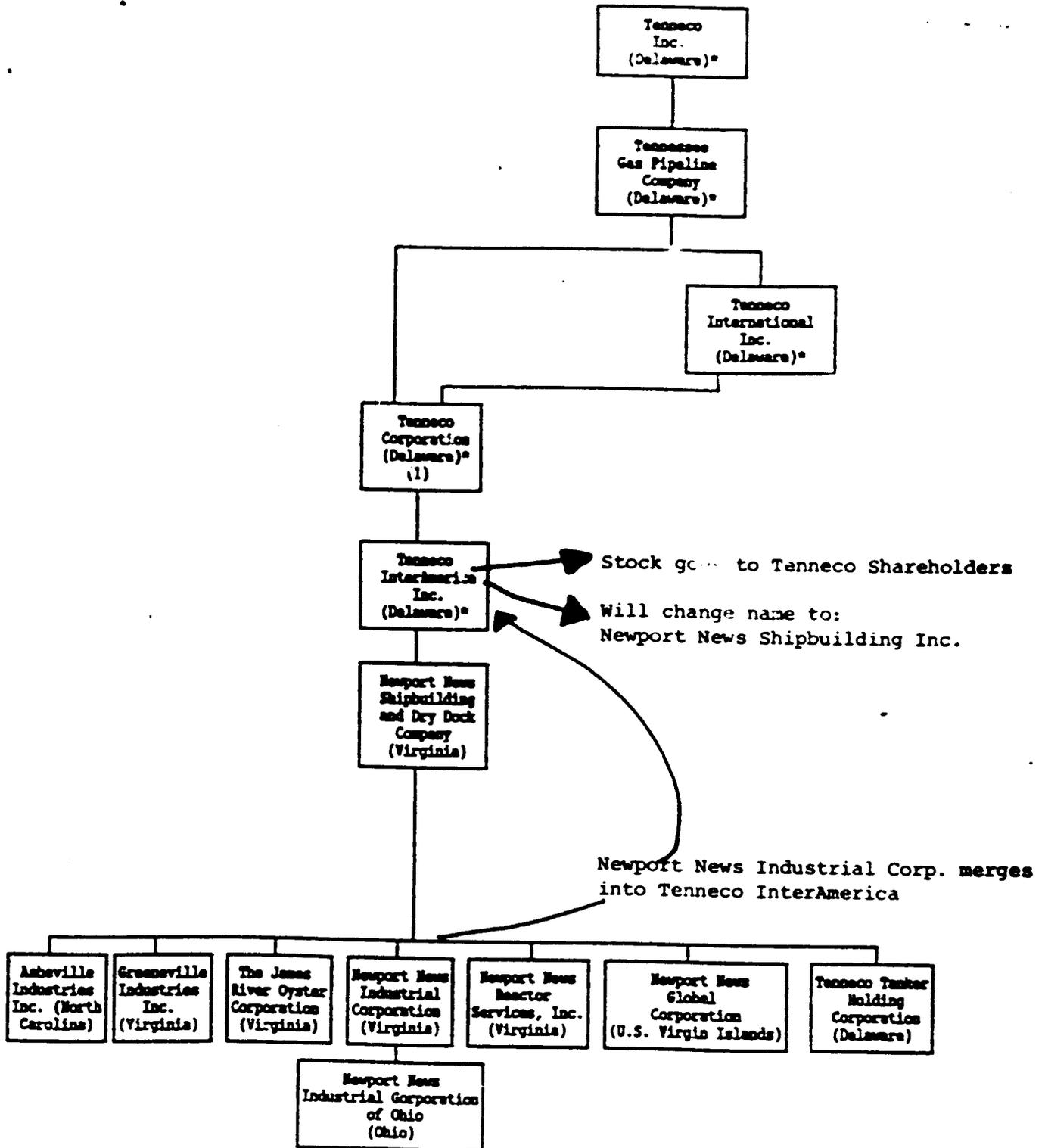
Copy:
U. S. Nuclear Regulatory Commission
Region II, Nuclear Materials Licensing Section
101 Marietta St., N.W., Suite 2900
Atlanta, Ga. 30323-0199

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* Owns stock of subsidiaries not included in Shipbuilding Organizational Chart

(1) Tennessee Gas Pipeline Company owns 100% of the Common Stock, 94.3% of total equity; and Tenneco International Inc. owns 100% of the Second Preferred Stock, 5.7% of total equity.



* Owns stock of subsidiaries not included in Shipbuilding Organizational Chart

(1) Tennessee Gas Pipeline Company owns 100% of the Common Stock, 94.3% of total equity; and Tenneco International Inc. owns 100% of the Second Preferred Stock, 5.7% of total equity.