Section 1: 10-Q (10-Q)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2018.

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________.

Commission File No. 001-34658

BWX TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

DELAWARE	**80-0558025**
(State of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**
800 MAIN STREET, 4TH FLOOR	
LYNCHBURG, VIRGINIA	**24504**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's Telephone Number, Including Area Code: (980) 365-4300

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares of the registrant's common stock outstanding at May 2, 2018 was 99,679,664.

BWX TECHNOLOGIES, INC.

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PART I

FINANCIAL INFORMATION

Item 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BWX TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2018	December 31, 2017
	(Unaudited) (In thousands)	
Current Assets:		
Cash and cash equivalents	$ 143,335	$ 203,404
Restricted cash and cash equivalents	5,362	7,105
Investments	1,034	2,934
Accounts receivable – trade, net	174,150	189,217
Accounts receivable – other	8,058	19,365
Contracts in progress	337,375	420,628
Other current assets	33,536	30,437
Total Current Assets	702,850	873,090
Property, Plant and Equipment	1,023,856	1,013,141
Less accumulated depreciation	673,954	664,512
Net Property, Plant and Equipment	349,902	348,629
Investments	8,909	9,301
Goodwill	216,999	218,331
Deferred Income Taxes	84,727	86,740
Investments in Unconsolidated Affiliates	47,043	43,266
Intangible Assets	106,718	110,405
Other Assets	22,391	22,577
TOTAL	$ 1,539,539	$ 1,712,339

See accompanying notes to condensed consolidated financial statements.

BWX TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 2018	December 31, 2017
	(Unaudited) (In thousands, except share and per share amounts)	
Current Liabilities:		
Current maturities of long-term debt	$ 27,693	$ 27,870
Accounts payable	99,224	93,421
Accrued employee benefits	57,637	82,477
Accrued liabilities – other	51,662	64,738
Advance billings on contracts	77,140	246,192
Accrued warranty expense	13,699	13,428
Total Current Liabilities	327,055	528,126
Long-Term Debt	471,367	481,059
Accumulated Postretirement Benefit Obligation	20,959	21,368
Environmental Liabilities	80,682	79,786
Pension Liability	274,801	296,444
Other Liabilities	19,425	19,799
Commitments and Contingencies (Note 4)		
Stockholders' Equity:		
Common stock, par value $0.01 per share, authorized 325,000,000 shares; issued 125,722,034 and 125,381,591 shares at March 31, 2018 and December 31, 2017, respectively	1,257	1,254
Preferred stock, par value $0.01 per share, authorized 75,000,000 shares; No shares issued	—	—
Capital in excess of par value	107,108	98,843
Retained earnings	1,053,090	990,652
Treasury stock at cost, 26,056,339 and 25,964,088 shares at March 31, 2018 and December 31, 2017, respectively	(820,749)	(814,809)
Accumulated other comprehensive income	4,435	9,454
Stockholders' Equity – BWX Technologies, Inc.	345,141	285,394
Noncontrolling interest	109	363
Total Stockholders' Equity	345,250	285,757
TOTAL	$ 1,539,539	$ 1,712,339

See accompanying notes to condensed consolidated financial statements.

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BWX TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(Unaudited) (In thousands, except share and per share amounts)	
Revenues	$ 457,463	$ 428,229
Costs and Expenses:		
Cost of operations	327,364	303,216
Research and development costs	3,607	1,519
Gains on asset disposals and impairments, net	(8)	—
Selling, general and administrative expenses	53,762	51,097
Total Costs and Expenses	384,725	355,832
Equity in Income of Investees	7,150	3,875
Operating Income	79,888	76,272
Other Income (Expense):		
Interest income	778	137
Interest expense	(3,560)	(3,517)
Other – net	7,910	7,486
Total Other Income (Expense)	5,128	4,106
Income before Provision for Income Taxes	85,016	80,378
Provision for Income Taxes	18,603	24,592
Net Income	$ 66,413	$ 55,786
Net (Income) Loss Attributable to Noncontrolling Interest	28	(67)
Net Income Attributable to BWX Technologies, Inc.	$ 66,441	$ 55,719
Earnings per Common Share:		
Basic:		
Net Income Attributable to BWX Technologies, Inc.	$ 0.67	$ 0.56
Diluted:		
Net Income Attributable to BWX Technologies, Inc.	$ 0.66	$ 0.55
Shares used in the computation of earnings per share (Note 9):		
Basic	99,526,187	99,444,910
Diluted	100,512,287	100,690,968

See accompanying notes to condensed consolidated financial statements.

BWX TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(Unaudited) (In thousands)	
Net Income	$ 66,413	$ 55,786
Other Comprehensive Income (Loss):		
Currency translation adjustments	(3,124)	791
Derivative financial instruments:		
Unrealized gains arising during the period, net of tax provision of $(59) and $(97), respectively	173	279
Reclassification adjustment for gains included in net income, net of tax provision of $30 and $13, respectively	(79)	(37)
Amortization of benefit plan costs, net of tax benefit of $(183) and $(156), respectively	322	290
Investments:		
Unrealized losses arising during the period, net of tax benefit (provision) of $0 and $(70), respectively	(66)	(94)
Reclassification adjustment for gains included in net income, net of tax provision of $0 and $8, respectively	—	(14)
Other Comprehensive Income (Loss)	(2,774)	1,215
Total Comprehensive Income	63,639	57,001
Comprehensive (Income) Loss Attributable to Noncontrolling Interest	28	(67)
Comprehensive Income Attributable to BWX Technologies, Inc.	$ 63,667	$ 56,934

See accompanying notes to condensed consolidated financial statements.

BWX TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Capital In Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Par Value							
	(In thousands, except share and per share amounts)								
Balance December 31, 2017	125,381,591	$ 1,254	$ 98,843	$ 990,652	$ 9,454	$ (814,809)	$ 285,394	$ 363	$ 285,757
Recently adopted accounting standards	—	—	—	12,171	(2,245)	—	9,926	—	9,926
Net income	—	—	—	66,441	—	—	66,441	(28)	66,413
Dividends declared ($0.16 per share)	—	—	—	(16,174)	—	—	(16,174)	—	(16,174)
Currency translation adjustments	—	—	—	—	(3,124)	—	(3,124)	—	(3,124)
Derivative financial instruments	—	—	—	—	94	—	94	—	94
Defined benefit obligations	—	—	—	—	322	—	322	—	322
Available-for-sale investments	—	—	—	—	(66)	—	(66)	—	(66)
Exercise of stock options	159,126	1	3,806	—	—	—	3,807	—	3,807
Shares placed in treasury	—	—	—	—	—	(5,940)	(5,940)	—	(5,940)
Stock-based compensation charges	181,317	2	4,459	—	—	—	4,461	—	4,461
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(226)	(226)
Balance March 31, 2018 (unaudited)	125,722,034	$ 1,257	$ 107,108	$ 1,053,090	$ 4,435	$ (820,749)	$ 345,141	$ 109	$ 345,250
Balance December 31, 2016	124,149,609	$ 1,241	$ 22,018	$ 885,117	$ 3,811	$ (762,169)	$ 150,018	$ 392	$ 150,410
Net income	—	—	—	55,719	—	—	55,719	67	55,786
Dividends declared ($0.09 per share)	—	—	—	(9,058)	—	—	(9,058)	—	(9,058)
Currency translation adjustments	—	—	—	—	791	—	791	—	791
Derivative financial instruments	—	—	—	—	242	—	242	—	242
Defined benefit obligations	—	—	—	—	290	—	290	—	290
Available-for-sale investments	—	—	—	—	(108)	—	(108)	—	(108)
Exercise of stock options	412,991	4	9,789	—	—	—	9,793	—	9,793
Shares placed in treasury	—	—	39,907	—	—	(45,100)	(5,193)	—	(5,193)
Stock-based compensation charges	272,141	3	3,409	—	—	—	3,412	—	3,412
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(146)	(146)
Balance March 31, 2017 (unaudited)	124,834,741	$ 1,248	$ 75,123	$ 931,778	$ 5,026	$ (807,269)	$ 205,906	$ 313	$ 206,219

See accompanying notes to condensed consolidated financial statements.

BWX TECHNOLOGIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(Unaudited) (In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	$ 66,413	$ 55,786
Non-cash items included in net income from continuing operations:		
Depreciation and amortization	14,061	13,976
Income of investees, net of dividends	(2,299)	1,779
Gains on asset disposals and impairments, net	(8)	—
Recognition of losses for pension and postretirement plans	505	446
Stock-based compensation expense	4,461	3,412
Changes in assets and liabilities:		
Accounts receivable	16,943	(41,153)
Accounts payable	10,528	(14,003)
Contracts in progress and advance billings on contracts	(74,153)	(4,890)
Income taxes	(5,502)	(2,607)
Accrued and other current liabilities	364	(29,810)
Pension liability, accrued postretirement benefit obligation and employee benefits	(48,929)	(38,891)
Other, net	(989)	1,279
NET CASH USED IN OPERATING ACTIVITIES	(18,605)	(54,676)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(17,634)	(13,713)
Purchases of securities	(1,033)	(3,503)
Sales and maturities of securities	2,948	3,317
Investments, net of return of capital, in equity method investees	—	(1,701)
Proceeds from asset disposals	8	—
Other, net	—	691
NET CASH USED IN INVESTING ACTIVITIES	(15,711)	(14,909)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings under the Credit Agreement	—	73,600
Repayments under Credit Agreement	(6,951)	(30,476)
Dividends paid to common shareholders	(15,947)	(8,985)
Exercise of stock options	2,525	9,665
Cash paid for shares withheld to satisfy employee taxes	(4,657)	(4,973)
Other	(226)	(146)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(25,256)	38,685
EFFECTS OF EXCHANGE RATE CHANGES ON CASH	(2,236)	1,013
TOTAL DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS	(61,808)	(29,887)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	213,144	134,600
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 151,336	$ 104,713
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Interest	$ 3,463	$ 3,330
Income taxes (net of refunds)	$ 24,370	$ 27,082
SCHEDULE OF NON-CASH INVESTING ACTIVITY:		
Accrued capital expenditures included in accounts payable	$ 4,735	$ 3,016

See accompanying notes to condensed consolidated financial statements.

BWX TECHNOLOGIES, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2018
(UNAUDITED)

NOTE 1 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

We have presented the condensed consolidated financial statements of BWX Technologies, Inc. ("BWXT" or the "Company") in U.S. dollars in accordance with the interim reporting requirements of Form 10-Q, Rule 10-01 of Regulation S-X and accounting principles generally accepted in the United States ("GAAP"). Certain financial information and disclosures normally included in our financial statements prepared annually in accordance with GAAP have been condensed or omitted. Readers of these financial statements should, therefore, refer to the consolidated financial statements and notes in our annual report on Form 10-K for the year ended December 31, 2017 (our "2017 10-K"). We have included all adjustments, in the opinion of management, consisting only of normal recurring adjustments, necessary for a fair presentation.

We use the equity method to account for investments in entities that we do not control, but over which we have the ability to exercise significant influence. We generally refer to these entities as "joint ventures." We have eliminated all intercompany transactions and accounts. We have reclassified certain amounts previously reported to conform to the presentation at March 31, 2018 and for the three months ended March 31, 2018 related to recently adopted accounting standards. We present the notes to our condensed consolidated financial statements on the basis of continuing operations, unless otherwise stated.

Unless the context otherwise indicates, "we," "us" and "our" mean BWXT and its consolidated subsidiaries.

Reportable Segments

We operate in three reportable segments: Nuclear Operations Group, Nuclear Services Group and Nuclear Power Group. Our reportable segments are further described as follows:

- Our Nuclear Operations Group segment manufactures naval nuclear reactors for the Naval Nuclear Propulsion Program for use in U.S. Navy submarines and aircraft carriers. Through this segment, we own and operate manufacturing facilities located in Lynchburg, Virginia; Barberton, Ohio; Mount Vernon, Indiana; Euclid, Ohio; and Erwin, Tennessee. The Lynchburg operations fabricate fuel-bearing precision components that range in weight from a few grams to hundreds of tons. In-house capabilities also include wet chemistry uranium processing, advanced heat treatment to optimize component material properties and a controlled, clean-room environment with the capacity to assemble railcar-size components. The Barberton and Mount Vernon locations specialize in the design and manufacture of heavy components inclusive of development and fabrication activities for submarine missile launch tubes. The Euclid facility fabricates electro-mechanical equipment and performs design, manufacturing, inspection, assembly and testing activities. Fuel for the naval nuclear reactors is provided by Nuclear Fuel Services, Inc. ("NFS"), one of our wholly owned subsidiaries. Located in Erwin, NFS also downblends Cold War-era government stockpiles of high-enriched uranium into material suitable for further processing into commercial nuclear reactor fuel.
- Our Nuclear Services Group segment provides various services to the U.S. Government and the commercial nuclear industry. Services provided to the U.S. Government include nuclear materials management and operation, environmental management and administrative and operating services for various U.S. Government-owned facilities. These services are provided to the U.S. Department of Energy ("DOE"), including the National Nuclear Security Administration ("NNSA"), the Office of Nuclear Energy, the Office of Science and the Office of Environmental Management, and NASA. Through this segment we deliver services and management solutions to nuclear and high-consequence operations. A significant portion of this segment's operations are conducted through joint ventures.

  Our Nuclear Services Group segment also provides inspection and maintenance services primarily for the U.S. commercial nuclear industry including steam generator and heat exchanger inspection services, high pressure water lancing, non-destructive examination and customized tooling solutions. This segment also offers complete advanced fuel and reactor engineering, licensing and manufacturing services for new advanced nuclear reactors.
- Our Nuclear Power Group segment fabricates steam generators, nuclear fuel, fuel handling systems, pressure vessels, reactor components, heat exchangers, tooling delivery systems and other auxiliary equipment, including containers for the storage of spent nuclear fuel and other high-level waste, for nuclear utility customers. BWXT has supplied the nuclear industry with more than 1,300 large, heavy components worldwide and is the only heavy nuclear component, N-Stamp certified manufacturer in North America. This segment also provides specialized engineering services that include structural component design, 3-D thermal-hydraulic engineering analysis, weld and robotic process development, electrical and controls engineering and metallurgy and materials engineering. In addition, this segment

offers in-plant inspection, maintenance and modification services for nuclear steam generators, heat exchangers, reactors, fuel handling systems and balance of plant equipment, as well as specialized non-destructive examination and tooling/repair solutions.

See Note 8 for financial information about our segments.

Operating results for the three months ended March 31, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. For further information, refer to the consolidated financial statements and the related footnotes included in our 2017 10-K.

Acquisition of Sotera Health LLC's Nordion Medical Isotope Business

On April 17, 2018, we signed a definitive agreement to acquire Sotera Health LLC's Nordion medical isotope business. Nordion's medical radioisotopes business is a leading global manufacturer and supplier of critical medical isotopes and radiopharmaceuticals for research, diagnostic and therapeutic uses. Its customers include radiopharmaceutical companies, hospitals and radiopharmacies. Its primary operations are located in Kanata, Ontario and Vancouver, British Columbia. This acquisition will allow us to accelerate our entry into the medical radioisotope market by adding licensed infrastructure, approximately 150 highly trained and experienced personnel and two production centers. Subject to required Canadian and U.S. regulatory reviews and approvals, this transaction is expected to close by the end of 2018.

Deconsolidation of Generation mPower LLC

On March 2, 2016, we entered into a framework agreement with Bechtel Power Corporation ("Bechtel"), BWXT Modular Reactors, LLC and BDC NexGen Power, LLC for the potential restructuring and restart of our mPower small modular reactor program (the "Framework Agreement"). As a result of entering into the Framework Agreement, we deconsolidated Generation mPower LLC ("GmP") from our financial statements as of the date of the Framework Agreement and recognized a $30.0 million loss contingency, which was ultimately paid to Bechtel in the first quarter of 2017 following the receipt of Bechtel's notice that the mPower program would not be restarted.

Contracts and Revenue Recognition

We generally recognize contract revenues and related costs over time for individual performance obligations based on a cost-to-cost method in accordance with Financial Accounting Standards Board ("FASB") Topic *Revenue from Contracts with Customers*. We recognize estimated contract revenue and resulting income based on the measurement of the extent of progress toward completion as a percentage of the total project (percentage-of-completion basis). Certain costs may be excluded from the cost-to-cost method of measuring progress, such as significant costs for uninstalled materials, if such costs do not depict our performance in transferring control of goods or services to the customer. We review contract price and cost estimates periodically as the work progresses and reflect adjustments proportionate to the percentage-of-completion in income in the period when those estimates are revised. Certain of our contracts recognize revenue at a point in time, and revenue on these contracts is recognized when control transfers to the customer. The majority of our revenue that is recognized at a point in time is related to parts in our Nuclear Power Group segment. For all contracts, if a current estimate of total contract cost indicates a loss on a contract, the projected loss is recognized in full when determined.

Accumulated Other Comprehensive Income

The components of Accumulated other comprehensive income included in Stockholders' Equity are as follows:

	March 31, 2018	December 31, 2017
	(In thousands)	
Currency translation adjustments	$ 10,024	$ 13,148
Net unrealized gain on derivative financial instruments	447	353
Unrecognized prior service cost on benefit obligations	(5,915)	(6,237)
Net unrealized gain (loss) on available-for-sale investments	(121)	2,190
Accumulated other comprehensive income	$ 4,435	$ 9,454

As a result of the adoption of the FASB update to the Topic *Financial Instruments*, we reclassified $2.2 million of net unrealized gains on available-for-sale investments from Accumulated other comprehensive income to Retained earnings on January 1, 2018.

The amounts reclassified out of Accumulated other comprehensive income by component and the affected condensed consolidated statements of income line items are as follows:

	Three Months Ended March 31,		
	2018	2017	
Accumulated Other Comprehensive Income (Loss) Component Recognized	(In thousands)		**Line Item Presented**
Realized gain (loss) on derivative financial instruments	$ (11)	$ (4)	Revenues
	120	54	Cost of operations
	109	50	Total before tax
	(30)	(13)	Provision for Income Taxes
	$ 79	$ 37	Net Income
Amortization of prior service cost on benefit obligations	$ (505)	$ (446)	Other – net
	183	156	Provision for Income Taxes
	$ (322)	$ (290)	Net Income
Realized gain on investments	$ —	$ 22	Other – net
	—	(8)	Provision for Income Taxes
	$ —	$ 14	Net Income
Total reclassification for the period	$ (243)	$ (239)	

Inventories

At March 31, 2018 and December 31, 2017, included in Other current assets, we had inventories totaling $10.6 million and $8.6 million, respectively, consisting entirely of raw materials and supplies.

Restricted Cash and Cash Equivalents

At March 31, 2018, we had restricted cash and cash equivalents totaling $8.0 million, $2.6 million of which was held for future decommissioning of facilities (which is included in Other Assets on our condensed consolidated balance sheets) and $5.4 million of which was held to meet reinsurance reserve requirements of our captive insurer.

The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents within our condensed consolidated balance sheets to the totals presented in our condensed consolidated statement of cash flows:

	March 31, 2018	December 31, 2017
	(In thousands)	
Cash and cash equivalents	$ 143,335	$ 203,404
Restricted cash and cash equivalents	5,362	7,105
Restricted cash and cash equivalents included in Other Assets	2,639	2,635
Total cash and cash equivalents and restricted cash and cash equivalents as presented in our condensed consolidated statement of cash flows	$ 151,336	$ 213,144

Warranty Expense

We accrue estimated expense, included in Cost of operations on our condensed consolidated statements of income, to satisfy contractual warranty requirements when we recognize the associated revenue on the related contracts. In addition, we record specific provisions or reductions where we expect the actual warranty costs to significantly differ from the accrued estimates. Such changes could have a material effect on our consolidated financial condition, results of operations and cash flows.

The following summarizes the changes in the carrying amount of our Accrued warranty expense:

	Three Months Ended March 31,	
	2018	2017
	(In thousands)	
Balance at beginning of period	$ 13,428	$ 11,477
Additions	517	386
Expirations and other changes	(53)	—
Payments	(20)	(15)
Translation	(173)	60
Balance at end of period	$ 13,699	$ 11,908

Provision for Income Taxes

We are subject to federal income tax in the U.S. and Canada as well as income tax within multiple U.S. state jurisdictions. We provide for income taxes based on the enacted tax laws and rates in the jurisdictions in which we conduct our operations. These jurisdictions may have regimes of taxation that vary with respect to nominal rates and with respect to the basis on which these rates are applied. This variation, along with changes in our mix of income within these jurisdictions, can contribute to shifts in our effective tax rate from period to period.

On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was enacted, making significant changes to existing U.S. tax laws that impact BWXT, including, but not limited to, a reduction to the U.S. corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017, the taxation of global intangible low-taxed income ("GILTI") and additional deduction limitations related to executive compensation. We recognized the income tax effects of the Act within our condensed consolidated financial statements in accordance with FASB Topic *Income Taxes*. Our Canadian operations continue to be subject to tax at a local statutory rate of approximately 25%.

Our effective tax rate for the three months ended March 31, 2018 was 21.9% as compared to 30.6% for the three months ended March 31, 2017. The effective tax rate for the three months ended March 31, 2018 was slightly higher than the U.S. corporate income tax rate of 21% primarily due to state income taxes within the U.S. and the unfavorable rate differential associated with our Canadian earnings. Our effective tax rate for the three months ended March 31, 2018 and March 31, 2017 was favorably impacted by benefits recognized for excess tax benefits related to employee share-based payments of $2.2 million and $2.3 million, respectively.

As of March 31, 2018, we had gross unrecognized tax benefits of $1.7 million (exclusive of interest and federal and state benefits), all of which would reduce our effective tax rate if recognized.

Recently Adopted Accounting Standards

In May 2014, the FASB issued the Topic *Revenue from Contracts with Customers*, which supersedes the revenue recognition requirements in the Topic *Revenue Recognition* and most industry specific guidance. The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The guidance also outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied, as well as new, expanded disclosures. We adopted the new revenue recognition standard on January 1, 2018 for all of our contracts utilizing the modified retrospective method resulting in changes to our opening balance sheet that were recognized through a cumulative catch-up adjustment. See Note 2 for further information regarding revenue recognition and our adoption of the new revenue standard.

In October 2016, the FASB issued an update to the Topic *Statement of Cash Flows.* This update clarifies guidance on the classification and presentation of restricted cash and cash equivalents in the statement of cash flows. Restricted cash and cash equivalents will now be included with cash and cash equivalents when reconciling the beginning and end of period totals shown on the statement of cash flows. In addition, a reconciliation between the amounts of cash and cash equivalents and restricted cash and cash equivalents reported in the balance sheets and the statement of cash flows is now required. We adopted this update on January 1, 2018 with retrospective application. This update resulted in an increase to cash and cash equivalents and restricted cash and cash equivalents of $9.0 million and $8.8 million at December 31, 2016 and March 31, 2017 on our condensed consolidated statement of cash flows, respectively. This update did not otherwise have a material impact on our financial statements.

In March 2017, the FASB issued an update to the Topic *Compensation – Retirement Benefits*. This update amends the presentation requirements of the components of net periodic benefit cost related to defined benefit pension and postretirement plans in our consolidated statements of income. Previously, components of net periodic benefit cost were aggregated and reported net in the consolidated statements of income as part of operating income. This update requires entities to disaggregate the service cost component of net periodic benefit cost and present it with other current compensation costs within operating income. Other components of net periodic benefit cost are required to be classified outside of operating income within the consolidated statements of income. These changes to classification will result in no changes to net income. We adopted this update on January 1, 2018 with retrospective presentation. The impact of this update on our condensed consolidated statement of income for the three months ended March 31, 2017 was a reduction of Operating Income, along with a corresponding increase to Other Income (Expense), of $6.9 million. See Note 3 for additional information.

In March 2016, the FASB issued an update to the Topic *Financial Instruments*. This update amends the classification and measurement of financial instruments including the requirement to measure equity investments at fair value with changes in fair value recognized in net income (except those accounted for under the equity method of accounting or those that result in consolidation of the investee). We adopted this update on January 1, 2018 through the modified retrospective method, which resulted in a cumulative catch-up adjustment, which reclassified $2.2 million of net gains from Accumulated other comprehensive income to Retained earnings on our condensed consolidated balance sheet.

New Accounting Standards

In February 2016, the FASB issued an update to the Topic *Leases*, which supersedes the lease reporting requirements in Topic *Leases* (previously "FAS 13"). This update requires that a lessee recognize on its balance sheet the assets and liabilities for all leases with lease terms of more than 12 months, along with additional qualitative and quantitative disclosures. The effect of leases in a consolidated statement of income and a consolidated statement of cash flows is expected to be largely unchanged. Accounting by lessors was not significantly impacted by this update. This update will be effective for us in 2019, with early adoption permitted. We expect to adopt the provisions in this update effective January 1, 2019 and are currently evaluating the impact of the adoption on our financial statements.

NOTE 2 – REVENUE RECOGNITION

The initial impact of the adoption of the FASB Topic *Revenue from Contracts with Customers*, which was recognized in a cumulative catch-up adjustment, is illustrated below:

	January 1, 2018	December 31, 2017
	(In thousands)	
Assets:		
Contracts in progress	$ 260,932	$ 420,628
Deferred Income Taxes	$ 85,193	$ 86,740
Liabilities:		
Accrued liabilities – other	$ 66,371	$ 64,738
Advance billings on contracts	$ 73,390	$ 246,192
Stockholders' Equity:		
Retained earnings	$ 1,000,578	$ 990,652

Within our Nuclear Operations Group segment, we continue to recognize revenue over time, and now measure progress on performance obligations using a cost-to-cost method. Historically, we utilized man-hours or a cost-to-cost method to measure progress on certain performance obligations within this segment. The performance obligations identified for recognizing revenue are similar to our historical units of account. As a result of the change to a cost-to-cost method, the timing of revenue recognition on affected contracts, in the aggregate, results in the recognition of revenue and cost of operations earlier in the process of satisfying performance obligations. This change impacted the life-to-date revenue and costs of operations recognized on performance obligations, and the adjustment to capture the impact of the new revenue recognition standard was recorded as a cumulative catch-up adjustment in Retained earnings. The new standard also resulted in a reduction in both our Contracts in progress and Advance billings on contracts account balances as a result of measuring the asset and liability at the contract level. Historically, contract assets and liabilities were measured at the unit of account, which we concluded was at a lower level than that of the contract.

The impact of the adoption of the new revenue standard on our Nuclear Power Group and Nuclear Services Group segments was not material.

Contracts and Revenue Recognition

Nuclear Operations Group

Our Nuclear Operations Group segment recognizes revenue over time for the manufacturing of naval nuclear reactor components and fuel, submarine missile launch tubes and the downblending of high-enriched uranium. Certain of our contracts contain two or more different types of components, each of which we identify as a separate performance obligation. We recognize revenue using a cost-to-cost method to measure progress as control is continually transferred to the customer as we incur costs on the performance obligations. We allocate revenue to the individual performance obligations within contracts with multiple performance obligations based on the stand-alone selling price of the individual performance obligations.

Our fixed-price incentive fee contracts include incentives that we concluded to be variable consideration. The amount of the variable consideration to which we are entitled is dependent on our actual costs incurred on the performance obligation compared to the target costs for that performance obligation and subject to incentive price revisions included within the contracts. We include these incentive fees in revenue when there is sufficient evidence to determine that the variable consideration is not constrained. The remaining contracts typically have immaterial amounts of variable consideration and have a single performance obligation. Our estimates of variable consideration and total estimated costs at completion are determined through a detailed process based on historical performance and our expertise using the most likely method. Variations from estimated contract performance could result in a material effect on our financial condition and results of operations in future periods.

Our Nuclear Operations Group segment's contracts allow for billings as costs are incurred, subject to certain retainages on our fixed-price incentive fee contracts, that require milestones to be reached for the remaining consideration to be paid.

Nuclear Services Group

Our contracts within our Nuclear Services Group segment are primarily cost-plus service contracts on which we recognize revenue over time based on a cost-to-cost method, which is consistent with the structure of the billings associated with these contracts. Ownership continuously transfers to the customer as we perform the services. The contracts within this segment do not contain significant variable consideration and contain a single performance obligation. Certain of these contracts contain assurance warranties and/or provisions for liquidated damages, which are expected to have an immaterial impact on the contracts based on our historical experience.

Nuclear Power Group

Our Nuclear Power Group segment recognizes revenue over time using a cost-to-cost method for the manufacturing of large components, non-standard parts, fuel bundles and service contracts as control continually transfers to the customers. For standard parts, revenue is recognized at the point in time control transfers to the customer, which is consistent with the transfer of ownership. This segment generates revenue primarily from firm-fixed-price contracts that do not contain variable consideration as well as time-and-materials based contracts. Certain of these contracts contain assurance warranties and/or provisions for liquidated damages, which are expected to have an immaterial impact to the contracts based on our historical experience. We are entitled to payment on the majority of our Nuclear Power Group segment contracts when we achieve certain milestones related to our progress on the contract.

Disaggregated Revenues

Revenues by geographical area and customer type are as follows:

	Three Months Ended March 31, 2018			
	Nuclear Operations Group	Nuclear Services Group	Nuclear Power Group	Total
	(In thousands)			
United States:				
Government	$ 316,631	$ 25,881	$ —	$ 342,512
Non-Government	—	3,177	260	3,437
	$ 316,631	$ 29,058	$ 260	$ 345,949
Canada:				
Government	$ —	$ —	$ —	$ —
Non-Government	—	975	82,325	83,300
	$ —	$ 975	$ 82,325	$ 83,300
Other:				
Government	$ —	$ —	$ —	$ —
Non-Government	—	—	30,231	30,231
	$ —	$ —	$ 30,231	$ 30,231
Segment Revenues	$ 316,631	$ 30,033	$ 112,816	459,480
Adjustments and Eliminations				(2,017)
Revenues				$ 457,463

Revenues by timing of transfer of goods or services are as follows:

	Three Months Ended March 31, 2018			
	Nuclear Operations Group	Nuclear Services Group	Nuclear Power Group	Total
	(In thousands)			
Over-time	$ 316,631	$ 30,033	$ 105,109	$ 451,773
Point-in-time	—	—	7,707	7,707
Segment Revenues	$ 316,631	$ 30,033	$ 112,816	459,480
Adjustments and Eliminations				(2,017)
Revenues				$ 457,463

Revenues by contract type are as follows:

	Three Months Ended March 31, 2018			
	Nuclear Operations Group	Nuclear Services Group	Nuclear Power Group	Total
	(In thousands)			
Fixed-Price Incentive Fee	$ 249,240	$ —	$ 4,028	$ 253,268
Firm-Fixed-Price	47,058	5,410	74,282	126,750
Cost-Plus Fee	20,233	23,953	45	44,231
Time-and-Materials	100	670	34,461	35,231
Segment Revenues	$ 316,631	$ 30,033	$ 112,816	459,480
Adjustments and Eliminations				(2,017)
Revenues				$ 457,463

Performance Obligations

As we progress on our contracts and the underlying performance obligations for which we recognize revenue over time, we refine our estimates of variable consideration and total estimated costs at completion, which impact the overall profitability on our contracts and performance obligations. Changes in these estimates result in the recognition of cumulative catch-up adjustments that impact our revenue and/or costs of contracts. During the three months ended March 31, 2018, we recognized net favorable changes in estimates that resulted in an increase in revenue of $5.3 million.

Contract Assets and Liabilities

We include revenues and related costs incurred, plus accumulated contract costs that exceed amounts invoiced to customers under the terms of the contracts, in Contracts in progress. We include in Advance billings on contracts billings that exceed accumulated contract costs and revenues and costs recognized over time. Most long-term contracts contain provisions for progress payments. Our unbilled receivables do not contain an allowance for credit losses as we expect to invoice customers and collect all amounts for unbilled revenues. Changes in Contracts in progress and Advance billings on contracts are primarily driven by differences in the timing of revenue recognition and billings to our customers. During the three months ended March 31, 2018, our unbilled receivables increased $75.4 million, primarily as a result of revenue in excess of billings on certain firm-fixed-price contracts within our Nuclear Operations Group segment and the timing of milestone payments on large components and contracts started in 2018 within our Nuclear Power Group segment. Our fixed-price incentive fee contracts for our Nuclear Operations Group segment include provisions that result in an increase in retainages on contracts during the first and third quarters of the year, with larger payments made during the second and fourth quarters. This resulted in an increase in retainages on contracts from January 1 to March 31, 2018 as shown below:

	March 31, 2018	January 1, 2018
	(In thousands)	
Included in Contracts in progress:		
Unbilled receivables	$ 325,745	$ 250,325
Included in Accounts receivable – trade, net:		
Retainages	$ 93,258	$ 82,801
Included in Other Assets:		
Retainages	$ 1,656	$ 1,669
Advance billings on contracts	$ 77,140	$ 73,390

During the three months ended March 31, 2018, we recognized $30.4 million of revenue that was in Advance billings on contracts at January 1, 2018.

Remaining Performance Obligations

Remaining performance obligations represent the dollar amount of revenue we expect to recognize in the future from performance obligations on contracts previously awarded and in progress. Of the March 31, 2018 remaining performance obligations on our contracts with customers, we expect to recognize revenues as follows:

	2018	2019	Thereafter	Total
	(In approximate millions)			
Nuclear Operations Group	$ 944	$ 802	$ 1,256	$ 3,002
Nuclear Services Group	21	3	4	28
Nuclear Power Group	168	111	271	550
Total Remaining Performance Obligations	$ 1,133	$ 916	$ 1,531	$ 3,580

Historical Method

Prior to the adoption of FASB Topic *Revenue from Contracts with Customers*, we accounted for revenue under previous GAAP. In accordance with our adoption of the new revenue recognition standard utilizing the modified retrospective approach, we are required to disclose the impact on our financial statements on a line item basis.

A comparison of certain line items in our condensed consolidated balance sheet is shown below:

	March 31, 2018	
	Current Method	Historical Method
	(In thousands)	
Assets:		
Contracts in progress	$ 337,375	$ 365,192
Deferred Income Taxes	$ 84,727	$ 85,443
Liabilities:		
Accrued liabilities – other	$ 51,662	$ 49,327
Advance billings on contracts	$ 77,140	$ 117,174
Stockholders' Equity:		
Retained earnings	$ 1,053,090	$ 1,043,924

Differences in the amounts above are primarily the result of the initial adoption of the new revenue recognition standard. Additional differences were caused by revenue under the current method being $8.1 million lower than the historical method as discussed below.

A comparison of certain line items in our condensed consolidated statement of operations is shown below:

	Three Months Ended March 31, 2018	
	Current Method	Historical Method
	(In thousands)	
Revenues	$ 457,463	$ 465,530
Cost of operations	$ 327,364	$ 334,542
Operating Income	$ 79,888	$ 80,777
Provision for Income Taxes	$ 18,603	$ 18,732
Net Income	$ 66,413	$ 67,173

We recognized $8.1 million less revenue under the current method compared to the historical method for the three months ended March 31, 2018. This was primarily driven by less progress being achieved on contracts as a result of using a cost-to-cost method for measuring progress under the current method as compared to man-hours or units of output under our historical method.

NOTE 3 – PENSION PLANS AND POSTRETIREMENT BENEFITS

We record the service cost component of net periodic benefit cost within Operating income on our condensed consolidated statements of income. For the three months ended March 31, 2018 and 2017, these amounts were $2.6 million and $2.3 million, respectively. All other components of net periodic benefit cost are included in Other – net within the condensed consolidated statements of income. For the three months ended March 31, 2018 and 2017, these amounts were $(8.9) million and $(6.9) million, respectively. Components of net periodic benefit cost included in net income are as follows:

	Pension Benefits Three Months Ended March 31,		Other Benefits Three Months Ended March 31,	
	2018	2017	2018	2017
	(In thousands)			
Service cost	$ 2,413	$ 2,151	$ 165	$ 154
Interest cost	12,343	13,513	549	540
Expected return on plan assets	(21,625)	(20,837)	(634)	(595)
Amortization of prior service cost (credit)	550	525	(45)	(79)
Net periodic benefit (income) cost	$ (6,319)	$ (4,648)	$ 35	$ 20

NOTE 4 – COMMITMENTS AND CONTINGENCIES

Other than as noted below, there have been no material changes during the period covered by this Form 10-Q in the status of the legal proceedings disclosed in Note 10 to the consolidated financial statements in Part II of our 2017 10-K.

Investigations and Litigation

Apollo and Parks Township

In January 2010, Michelle McMunn, Cara D. Steele and Yvonne Sue Robinson filed suit against Babcock & Wilcox Power Generation Group, Inc. ("B&W PGG"), Babcock & Wilcox Technical Services Group, Inc., formerly known as B&W Nuclear Environmental Services, Inc. and now known as BWXT Technical Services Group, Inc. (the "BWXT Parties") and Atlantic Richfield Company ("ARCO") in the U.S. District Court for the Western District of Pennsylvania. Since January 2010, additional suits were filed by additional plaintiffs and there are currently 17 lawsuits pending in the U.S. District Court for the Western District of Pennsylvania (the "Trial Court") against the BWXT Parties and ARCO, including the most recent lawsuits filed in June and October 2015. In total, the suits involve approximately 107 primary claimants. The primary claimants allege, among other things, personal injuries and property damage as a result of alleged releases of radioactive material relating to the operation, remediation and/or decommissioning of two former nuclear fuel processing facilities located in the Borough of Apollo and Parks Township, Pennsylvania (collectively, the "Apollo and Parks Litigation"). Those facilities previously were owned by Nuclear Materials and Equipment Company, a former subsidiary of ARCO ("NUMEC"), which was acquired by B&W PGG. The plaintiffs in the Apollo and Parks Litigation seek compensatory and punitive damages, and in November 2014 delivered a demand of $125.0 million for the settlement of all then-filed actions. While we consider the likelihood of the plaintiffs' recovery to be remote, solely on the basis of this demand we estimate the range of a possible loss at between $0.0 million and $125.0 million. In connection with the spin-off of our former Power Generation business, we agreed to indemnify B&W PGG and its affiliates for any losses arising from the Apollo and Parks Litigation pursuant to the Master Separation Agreement.

Between May 2015 and March 2016, the presiding judge in the Apollo and Parks Litigation granted the BWXT Parties' motions to dismiss or motions for summary judgment in all 17 of the existing lawsuits. Accordingly, all current claims in the Apollo and Parks Litigation have been dismissed by the Trial Court. All plaintiffs filed notices of appeal, and the appeals were consolidated in the U.S. Court of Appeals for the Third Circuit (the "Court of Appeals"). On August 23, 2017, the Court of Appeals affirmed the rulings of the Trial Court, dismissing all claims against the BWXT Parties and other defendants in the cases. Plaintiffs filed a notice of petition for rehearing, which was denied by the Court of Appeals on September 21, 2017. The plaintiffs filed a writ of certiorari for review by the U.S. Supreme Court on December 20, 2017. On February 20, 2018, the U.S. Supreme Court denied plaintiffs' petition for writ of certiorari making the Court of Appeals decision affirming the dismissal of all 17 lawsuits final.

At the time of ARCO's sale of NUMEC stock to B&W PGG, B&W PGG received an indemnity and hold harmless agreement from ARCO, which has been assigned to BWXT and its affiliates, with respect to claims and liabilities arising prior to or as a result of conduct or events predating the acquisition.

The ARCO indemnity remains applicable should any future claims similar in nature to the Apollo and Parks Litigation be made, although no assurance can be given that the indemnity will be available or sufficient in the event of liability, if any.

NOTE 5 – DERIVATIVE FINANCIAL INSTRUMENTS

Our operations give rise to exposure to market risks from changes in foreign currency exchange ("FX") rates. We use derivative financial instruments, primarily FX forward contracts, to reduce the impact of changes in FX rates on our operating results. We use these instruments primarily to hedge our exposure associated with revenues or costs on our long-term contracts that are denominated in currencies other than our operating entities' functional currencies. We do not hold or issue derivative financial instruments for trading or other speculative purposes.

We enter into derivative financial instruments primarily as hedges of certain firm purchase and sale commitments denominated in foreign currencies. We record these contracts at fair value on our condensed consolidated balance sheets. Based on the hedge designation at the inception of the contract, the related gains and losses on these contracts are deferred in stockholders' equity as a component of Accumulated other comprehensive income until the hedged item is recognized in earnings. Any ineffective portion of a derivative's change in fair value and any portion excluded from the assessment of effectiveness are immediately recognized in Other – net in our condensed consolidated statements of income. The gain or loss on a derivative instrument not designated as a hedging instrument is also immediately recognized in earnings. Gains and losses on derivative financial instruments that require immediate recognition are included as a component of Other – net in our condensed consolidated statements of income.

We have designated all of our FX forward contracts that qualify for hedge accounting as cash flow hedges. The hedged risk is the risk of changes in functional-currency-equivalent cash flows attributable to changes in FX spot rates of forecasted transactions related to long-term contracts. We exclude from our assessment of effectiveness the portion of the fair value of the FX forward contracts attributable to the difference between FX spot rates and FX forward rates. At March 31, 2018, we had deferred approximately $0.4 million of net gains on these derivative financial instruments in Accumulated other comprehensive income. Assuming market conditions continue, we expect to recognize the majority of this amount in the next 12 months.

At March 31, 2018, our derivative financial instruments consisted of FX forward contracts. The notional value of our FX forward contracts totaled $31.6 million at March 31, 2018, with maturities extending to December 2021. These instruments consist primarily of contracts to purchase or sell Canadian dollars. We are exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments. We attempt to mitigate this risk by using major financial institutions with high credit ratings. The counterparties to all of our FX forward contracts are financial institutions included in our credit facility. Our hedge counterparties have the benefit of the same collateral arrangements and covenants as described under our credit facility.

The following tables summarize our derivative financial instruments at March 31, 2018 and December 31, 2017:

	Asset and Liability Derivatives	
	March 31, 2018	December 31, 2017
	(In thousands)	
Derivatives Designated as Hedges:		
FX Forward Contracts:		
Location		
Accounts receivable – other	$ 295	$ 250
Other Assets	$ 390	$ 348
Accounts payable	$ 54	$ 177
Other Liabilities	$ 62	$ 93

The effects of derivatives on our financial statements are outlined below:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(In thousands)	
Derivatives Designated as Hedges:		
Cash Flow Hedges:		
FX Forward Contracts:		
Amount of gain recognized in other comprehensive income	$ 232	$ 376
Gain (loss) reclassified from accumulated other comprehensive income (loss) into earnings: effective portion		
Location		
Revenues	$ (11)	$ (4)
Cost of operations	$ 120	$ 54

NOTE 6 – FAIR VALUE MEASUREMENTS

Investments

The following is a summary of our investments measured at fair value at March 31, 2018:

	Total	Level 1	Level 2	Level 3
	(In thousands)			
Equity securities				
Equities	$ 2,442	$ —	$ 2,442	$ —
Mutual funds	4,851	—	4,851	—
Available-for-sale securities				
U.S. Government and agency securities	1,034	1,034	—	—
Corporate bonds	1,469	1,469	—	—
Asset-backed securities and collateralized mortgage obligations	147	—	147	—
Total	$ 9,943	$ 2,503	$ 7,440	$ —

The following is a summary of our investments measured at fair value at December 31, 2017:

	Total	Level 1	Level 2	Level 3
	(In thousands)			
Available-for-sale securities				
U.S. Government and agency securities	$ 1,299	$ 1,299	$ —	$ —
Corporate bonds	3,169	1,534	1,635	—
Equities	2,759	—	2,759	—
Mutual funds	4,847	—	4,847	—
Asset-backed securities and collateralized mortgage obligations	161	—	161	—
Total	$ 12,235	$ 2,833	$ 9,402	$ —

We estimate the fair value of investments based on quoted market prices. For investments for which there are no quoted market prices, we derive fair values from available yield curves for investments of similar quality and terms.

Derivatives

Level 2 derivative assets and liabilities currently consist of FX forward contracts. Where applicable, the value of these derivative assets and liabilities is computed by discounting the projected future cash flow amounts to present value using market-based observable inputs, including FX forward and spot rates, interest rates and counterparty performance risk adjustments. At March 31, 2018 and December 31, 2017, we had forward contracts outstanding to purchase or sell Canadian dollars, with a total fair value of $0.6 million and $0.3 million, respectively.

Other Financial Instruments

We used the following methods and assumptions in estimating our fair value disclosures for our other financial instruments, as follows:

Cash and cash equivalents and restricted cash and cash equivalents. The carrying amounts that we have reported in the accompanying condensed consolidated balance sheets for Cash and cash equivalents and Restricted cash and cash equivalents approximate their fair values due to their highly liquid nature.

Long-term and short-term debt. We base the fair values of debt instruments on quoted market prices. Where quoted prices are not available, we base the fair values on the present value of future cash flows discounted at estimated borrowing rates for similar debt instruments or on estimated prices based on current yields for debt issues of similar quality and terms. The fair value of our debt instruments approximated their carrying value at March 31, 2018 and December 31, 2017.

NOTE 7 – STOCK-BASED COMPENSATION

Stock-based compensation recognized for all of our plans for the three months ended March 31, 2018 and 2017 totaled $4.9 million and $4.7 million, respectively, with associated tax benefit totaling $0.9 million and $1.6 million, respectively.

NOTE 8 – SEGMENT REPORTING

As described in Note 1, our operations are assessed based on three reportable segments. An analysis of our operations by reportable segment is as follows:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(In thousands)	
REVENUES:		
Nuclear Operations Group	$ 316,631	$ 325,081
Nuclear Services Group	30,033	27,854
Nuclear Power Group	112,816	77,674
Adjustments and Eliminations (1)	(2,017)	(2,380)
	$ 457,463	$ 428,229

(1) Segment revenues are net of the following intersegment transfers and other adjustments:

	2018	2017
Nuclear Operations Group Transfers	$ (1,139)	$ (195)
Nuclear Services Group Transfers	(838)	(2,157)
Nuclear Power Group Transfers	(40)	(28)
	$ (2,017)	$ (2,380)
OPERATING INCOME:		
Nuclear Operations Group	$ 67,657	$ 67,749
Nuclear Services Group	1,177	402
Nuclear Power Group	21,764	12,956
Other	(4,043)	(1,612)
	$ 86,555	$ 79,495
Unallocated Corporate (2)	(6,667)	(3,223)
Total Operating Income	$ 79,888	$ 76,272
Other Income (Expense):		
Interest income	778	137
Interest expense	(3,560)	(3,517)
Other – net	7,910	7,486
Total Other Income (Expense)	5,128	4,106
Income before Provision for Income Taxes	$ 85,016	$ 80,378

(2) Unallocated corporate includes general corporate overhead not allocated to segments.

NOTE 9 – EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
	(In thousands, except share and per share amounts)	
Basic:		
Net Income Attributable to BWX Technologies, Inc.	$ 66,441	$ 55,719
Weighted-average common shares	99,526,187	99,444,910
Basic earnings per common share	$ 0.67	$ 0.56
Diluted:		
Net Income Attributable to BWX Technologies, Inc.	$ 66,441	$ 55,719
Weighted-average common shares (basic)	99,526,187	99,444,910
Effect of dilutive securities:		
Stock options, restricted stock units and performance shares (1)	986,100	1,246,058
Adjusted weighted-average common shares	100,512,287	100,690,968
Diluted earnings per common share	$ 0.66	$ 0.55

(1) At March 31, 2018 and 2017, we excluded 79,278 and 103,608 shares, respectively, from our diluted share calculation as their effect would have been antidilutive.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

The following information should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included under Item 1 of this quarterly report on Form 10-Q ("Report") and the audited consolidated financial statements and the related notes and Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our annual report on Form 10-K for the year ended December 31, 2017 (our "2017 10-K").

In this Report, unless the context otherwise indicates, "we," "us" and "our" mean BWX Technologies, Inc. ("BWXT") and its consolidated subsidiaries.

From time to time, our management or persons acting on our behalf make forward-looking statements to inform existing and potential security holders about our company. In addition, various statements in this Report, including those that express a belief, expectation or intention, as well as those that are not statements of historical fact, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934. Statements and assumptions regarding expectations and projections of specific projects, our future backlog, revenues, income, capital spending, strategic investments, acquisitions or divestitures, research and development initiatives, return on capital activities or margin improvement initiatives are examples of forward-looking statements. Forward-looking statements are generally accompanied by words such as "estimate," "project," "predict," "believe," "expect," "anticipate," "plan," "seek," "goal," "could," "intend," "may," "should" or other words that convey the uncertainty of future events or outcomes. In addition, sometimes we will specifically describe a statement as being a forward-looking statement and refer to this cautionary statement.

We have based our forward-looking statements on our current expectations, estimates and projections about our industries and our company. We caution that these statements are not guarantees of future performance and you should not rely unduly on them, as they involve risks, uncertainties and assumptions that we cannot predict. In addition, we have based many of these forward-looking statements on assumptions about future events that may prove to be inaccurate. While our management considers these assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks, contingencies and uncertainties, most of which are difficult to predict and many of which are beyond our control. Accordingly, our actual results may differ materially from the future performance that we have expressed or forecast in our forward-looking statements.

We believe the items we have outlined above are important factors that could cause estimates in our financial statements to differ materially from actual results and those expressed in a forward-looking statement made in this Report or elsewhere by us or on our behalf. Differences between actual results and any future performance suggested in our forward-looking statements could result from a variety of factors. We have discussed many of these factors in more detail elsewhere in this Report and in Item 1A "Risk Factors" in our 2017 10-K. These factors are not necessarily all the factors that could affect us. Unpredictable or unanticipated factors we have not discussed in this Report or in our 2017 10-K could also have material adverse effects on actual results of matters that are the subject of our forward-looking statements. We do not intend to update our description of important factors each time a potential important factor arises, except as required by applicable securities laws and regulations. We advise our security holders that they should (1) be aware that factors not referred to above could affect the accuracy of our forward-looking statements and (2) use caution and common sense when considering our forward-looking statements.

GENERAL

We operate in three reportable segments: Nuclear Operations Group, Nuclear Services Group and Nuclear Power Group. In general, we operate in capital-intensive industries and rely on large contracts for a substantial amount of our revenues. We are currently exploring growth strategies across our segments to expand and complement our existing businesses. We would expect to fund these opportunities with cash on hand or by raising additional capital through debt, equity or some combination thereof.

Nuclear Operations Group

The revenues of our Nuclear Operations Group segment are largely a function of defense spending by the U.S. Government. Through this segment, we engineer, design and manufacture precision naval nuclear components, reactors and nuclear fuel for the DOE/NNSA's Naval Nuclear Propulsion Program. In addition, we perform development and fabrication activities for missile launch tubes for U.S. Navy submarines. As a supplier of major nuclear components for certain U.S. Government programs, this segment is a significant participant in the defense industry.

Nuclear Services Group

Our Nuclear Services Group segment provides various services to the U.S. Government and the commercial nuclear industry primarily in the U.S. The revenues and equity in income of investees under our U.S. Government contracts are largely a function of spending of the U.S. Government and the performance scores we and our consortium partners earn in managing and operating high-consequence operations at U.S. nuclear weapons sites, national laboratories and manufacturing complexes. With its specialized capabilities of full life-cycle management of special materials, facilities and technologies, we believe our Nuclear Services Group segment is well-positioned to continue to participate in the continuing cleanup, operation and management of critical government-owned nuclear sites, laboratories and manufacturing complexes maintained by the DOE, NASA and other federal agencies.

This segment is also engaged in inspection and maintenance services for the commercial nuclear industry primarily in the U.S. These services include the inspection of steam generators and heat exchangers, high pressure water lancing, non-destructive examination and the development of customized tooling solutions. This segment also develops technology for a variety of applications, including advanced nuclear power sources, and offers complete advanced fuel and reactor engineering, licensing and manufacturing services for new advanced nuclear reactors.

Nuclear Power Group

Through this segment, we design and manufacture commercial nuclear steam generators, heat exchangers, pressure vessels, reactor components, and other auxiliary equipment, including containers for the storage of spent nuclear fuel and other high-level nuclear waste. This segment is a leading supplier of nuclear fuel, fuel handling systems, tooling delivery systems and related services for CANDU nuclear power plants. This segment also provides a variety of engineering and in-plant services and is a significant supplier to nuclear power utilities undergoing major refurbishment and plant life extension projects.

Our Nuclear Power Group segment's overall activity primarily depends on the demand and competitiveness of nuclear energy. A significant portion of our Nuclear Power Group segment's operations depend on the timing of maintenance outages, principally in the Canadian market, and the cyclical nature of capital expenditures and major refurbishments for nuclear utility customers, which could cause variability in our financial results.

Acquisition of Sotera Health LLC's Nordion Medical Isotope Business

On April 17, 2018, we signed a definitive agreement to acquire Sotera Health LLC's Nordion medical isotope business. Nordion's medical radioisotopes business is a leading global manufacturer and supplier of critical medical isotopes and radiopharmaceuticals for research, diagnostic and therapeutic uses. Its customers include radiopharmaceutical companies, hospitals and radiopharmacies. Its primary operations are located in Kanata, Ontario and Vancouver, British Columbia. This acquisition will allow us to accelerate our entry into the medical radioisotope market by adding licensed infrastructure, approximately 150 highly trained and experienced personnel and two production centers. Subject to required Canadian and U.S. regulatory reviews and approvals, this transaction is expected to close by the end of 2018.

Critical Accounting Policies and Estimates

For a summary of the critical accounting policies and estimates that we use in the preparation of our unaudited condensed consolidated financial statements, see Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2017 10-K. There have been no material changes to our policies during the three months ended March 31, 2018 with the exception of changes to FASB Topics *Revenue from Contracts with Customers* and *Compensation – Retirement Benefits* as described in the notes to our condensed consolidated financial statements in Item 1 of this Report.

Accounting for Contracts

On certain of our performance obligations, we recognize revenue over time. In accordance with FASB Topic *Revenue from Contracts with Customers*, we are required to estimate the total amount of costs on these performance obligations. As of March 31, 2018, we have provided for the estimated costs to complete all of our ongoing contracts. However, it is possible that current estimates could change due to unforeseen events, which could result in adjustments to overall contract costs. A principal risk on fixed-priced contracts is that revenue from the customer is insufficient to cover increases in our costs. It is possible that current estimates could materially change for various reasons, including, but not limited to, fluctuations in forecasted labor productivity or steel and other raw material prices. In some instances, we guarantee completion dates related to our projects or provide performance guarantees. Increases in costs on our fixed-price contracts could have a material adverse impact on our consolidated results of operations, financial condition and cash flows. Alternatively, reductions in overall contract costs at completion could materially improve our consolidated results of operations, financial condition and cash flows. In the three months ended March 31, 2018 and 2017, we recognized net changes in estimates related to contracts that recognize revenue over time, which increased operating income by approximately $5.3 million and $4.9 million, respectively.

RESULTS OF OPERATIONS – THREE MONTHS ENDED MARCH 31, 2018 VS. THREE MONTHS ENDED MARCH 31, 2017

Selected financial highlights are presented in the table below:

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	$ Change
	(In thousands)		
REVENUES:			
Nuclear Operations Group	$ 316,631	$ 325,081	$ (8,450)
Nuclear Services Group	30,033	27,854	2,179
Nuclear Power Group	112,816	77,674	35,142
Adjustments and Eliminations	(2,017)	(2,380)	363
	$ 457,463	$ 428,229	$ 29,234
OPERATING INCOME:			
Nuclear Operations Group	$ 67,657	$ 67,749	$ (92)
Nuclear Services Group	1,177	402	775
Nuclear Power Group	21,764	12,956	8,808
Other	(4,043)	(1,612)	(2,431)
	$ 86,555	$ 79,495	$ 7,060
Unallocated Corporate	(6,667)	(3,223)	(3,444)
Total Operating Income	$ 79,888	$ 76,272	$ 3,616

Consolidated Results of Operations

Three months ended March 31, 2018 vs. 2017

Consolidated revenues increased 6.8%, or $29.2 million, to $457.5 million in the three months ended March 31, 2018 compared to $428.2 million for the corresponding period in 2017, due to increases in revenues from our Nuclear Services Group and Nuclear Power Group segments totaling $2.2 million and $35.1 million, respectively. These increases were partially offset by a decrease in revenues in our Nuclear Operations Group segment of $8.5 million.

Consolidated operating income increased $3.6 million to $79.9 million in the three months ended March 31, 2018 compared to $76.3 million for the corresponding period of 2017. We experienced operating income improvements in our Nuclear Services Group and Nuclear Power Group segments of $0.8 million and $8.8 million, respectively. These increases were partially offset by lower operating income in our Nuclear Operations Group and Other segments of $0.1 and $2.4 million, respectively, as well as an increase in unallocated corporate expenses of $3.4 million.

Nuclear Operations Group

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	$ Change
	(In thousands)		
Revenues	$ 316,631	$ 325,081	$ (8,450)
Operating Income	67,657	67,749	(92)
% of Revenues	21.4%	20.8%	

Three months ended March 31, 2018 vs. 2017

Revenues decreased 2.6%, or $8.5 million, to $316.6 million in the three months ended March 31, 2018 compared to $325.1 million for the corresponding period of 2017. The decrease was primarily attributable to lower activity in the manufacturing of nuclear components for U.S. Government programs.

Operating income decreased $0.1 million to $67.7 million in the three months ended March 31, 2018 compared to $67.7 million for the corresponding period of 2017. The decrease was primarily driven by the changes in revenue noted above, which was offset by net favorable changes in estimates related to certain long-term contracts within our naval nuclear fuel and downblending operations.

Nuclear Services Group

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	$ Change
	(In thousands)		
Revenues	$ 30,033	$ 27,854	$ 2,179
Operating Income	1,177	402	775
% of Revenues	3.9%	1.4%	

Three months ended March 31, 2018 vs. 2017

Revenues increased 7.8%, or $2.2 million, to $30.0 million in the three months ended March 31, 2018 compared to $27.9 million for the corresponding period of 2017. The increase was primarily attributable to increased activity at our Naval Reactor decommissioning and decontamination project of $2.9 million and an increase in design and engineering revenues in support of NASA's nuclear space programs. These increases were partially offset by a decline in revenue associated with cost reimbursable activities at some of the sites we manage and operate.

Operating income increased $0.8 million to $1.2 million in the three months ended March 31, 2018 compared to $0.4 million for the corresponding period of 2017. The increase was primarily attributable to lower selling, general and administrative expenses related to a decrease in business development activities caused by the timing of proposal activities.

Nuclear Power Group

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017	$ Change
	(In thousands)		
Revenues	$ 112,816	$ 77,674	$ 35,142
Operating Income	21,764	12,956	8,808
% of Revenues	19.3%	16.7%	

Three months ended March 31, 2018 vs. 2017

Revenues increased 45.2%, or $35.1 million, to $112.8 million in the three months ended March 31, 2018 compared to $77.7 million for the corresponding period of 2017. The increase was primarily attributable to an increase in revenues in our nuclear components business of $17.8 million as a result of an increase in design and manufacturing work associated with the China steam generator project and higher levels of in-plant inspection, maintenance and modification services totaling $11.1 million. In addition, we also experienced an increase in volume related to the fabrication of nuclear fuel and higher levels of activity associated with our nuclear fuel handling capabilities.

Operating income increased $8.8 million to $21.8 million in the three months ended March 31, 2018 compared to $13.0 million for the corresponding period of 2017, primarily attributable to increases in revenue noted above. In addition, operating income improved as a result of lower selling, general and administrative expenses of $0.9 million, which was largely related to the integration of BWXT Nuclear Energy Canada Inc. (acquired December 16, 2016) into our existing business.

Other

	Three Months Ended March 31, 2018	2017	$ Change
		(In thousands)	
Operating Income	(4,043)	(1,612)	(2,431)

Operating income decreased $2.4 million to a loss of $4.0 million in the three months ended March 31, 2018 compared to a loss of $1.6 million for the corresponding period of 2017, primarily due to an increase in research and development activities related to our medical and industrial radioisotope capabilities.

Unallocated Corporate

Unallocated corporate expenses increased $3.4 million to $6.7 million for the three months ended March 31, 2018 compared to $3.2 million for the corresponding period of 2017. This increase was primarily due to third-party costs associated with due diligence activities and higher levels of stock-based compensation, which were partially offset by lower healthcare claims.

Provision for Income Taxes

	Three Months Ended March 31, 2018	2017	$ Change
		(In thousands)	
Income before Provision for Income Taxes	$ 85,016	$ 80,378	$ 4,638
Provision for Income Taxes	$ 18,603	$ 24,592	$ (5,989)
Effective Tax Rate	21.9%	30.6%	

We primarily operate in the U.S. and Canada. On December 22, 2017, the Tax Cuts and Jobs Act (the "Act") was enacted, making significant changes to existing U.S. tax laws that impact BWXT, including, but not limited to, a reduction to the U.S. corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017, the taxation of global intangible low-taxed income ("GILTI") and additional deduction limitations related to executive compensation. We recognized the income tax effects of the Act within our condensed consolidated financial statements in accordance with Financial Accounting Standards Board Topic *Income Taxes*. Our Canadian operations continue to be subject to tax at a local statutory rate of approximately 25%.

Our effective tax rate for the three months ended March 31, 2018 was 21.9% as compared to 30.6% for the three months ended March 31, 2017. The effective tax rate for the three months ended March 31, 2018 was slightly higher than the U.S. corporate income tax rate of 21% primarily due to state income taxes within the U.S. and the unfavorable rate differential associated with our Canadian earnings. Our effective tax rate for the three months ended March 31, 2018 and March 31, 2017 was favorably impacted by benefits recognized for excess tax benefits related to employee share-based payments of $2.2 million and $2.3 million, respectively.

Backlog

Backlog represents the dollar amount of revenue we expect to recognize in the future from contracts awarded and in progress. Not all of our expected revenue from a contract award is recorded in backlog for a variety of reasons, including that some projects are awarded and completed within the same fiscal quarter.

Our backlog is equal to our remaining performance obligations under contracts that meet the criteria in FASB Topic *Revenue from Contracts with Customers*, as discussed in Note 2 to our condensed consolidated financial statements included in this Report. It is possible that our methodology for determining backlog may not be comparable to methods used by other companies.

We are subject to the budgetary and appropriations cycle of the U.S. Government as it relates to our Nuclear Operations Group and Nuclear Services Group segments. Backlog may not be indicative of future operating results, and projects in our backlog may be cancelled, modified or otherwise altered by customers.

	March 31, 2018	December 31, 2017
	(In approximate millions)	
Nuclear Operations Group	$ 3,002	$ 3,305
Nuclear Services Group	28	29
Nuclear Power Group	550	637
Total Backlog	$ 3,580	$ 3,971

We do not include the value of our unconsolidated joint venture contracts in backlog. These unconsolidated joint ventures are included in our Nuclear Services Group segment.

Of the March 31, 2018 backlog, we expect to recognize revenues as follows:

	2018	2019	Thereafter	Total
	(In approximate millions)			
Nuclear Operations Group	$ 944	$ 802	$ 1,256	$ 3,002
Nuclear Services Group	21	3	4	28
Nuclear Power Group	168	111	271	550
Total Backlog	$ 1,133	$ 916	$ 1,531	$ 3,580

At March 31, 2018, Nuclear Operations Group backlog with the U.S. Government was $2,998.7 million, $283.5 million of which had not yet been funded.

At March 31, 2018, Nuclear Services Group backlog with the U.S. Government was $7.2 million, all of which was funded.

At March 31, 2018, Nuclear Power Group had no backlog with the U.S. Government.

Major new awards from the U.S. Government are typically received following congressional approval of the budget for the Government's next fiscal year, which starts October 1, and may not be awarded to us before the end of the calendar year. Due to the fact that most contracts awarded by the U.S. Government are subject to these annual funding approvals, the total values of the underlying programs are significantly larger. In April 2016, we were awarded a component and fuel contract, along with a three-year downblending contract by the U.S. Government with a combined value in excess of $3.0 billion, inclusive of unexercised options.

As of March 31, 2018, the U.S. Government had awarded us approximately $2.8 billion of the April 2016 award. The value of unexercised options excluded from backlog as of March 31, 2018 was approximately $0.2 billion, the majority of which is expected to be exercised in 2019, subject to annual congressional appropriations.

Liquidity and Capital Resources

Credit Facility

On September 2, 2016, we entered into an amendment (the "Amendment") to our Credit Agreement dated May 11, 2015 with Bank of America, N.A., as administrative agent, and certain lenders and letter of credit issuers party thereto (collectively, the "Amended Credit Agreement"). Prior to the Amendment, our Credit Agreement provided for a five-year, senior secured revolving credit facility in an aggregate amount of up to $400 million, the full amount of which was available for the issuance of letters of credit, and a senior secured term loan facility of $300 million, which was drawn on June 30, 2015. The Amendment added a new U.S. dollar term loan facility in an aggregate principal amount of up to $112.5 million, which was drawn on September 16, 2016, and a new Canadian dollar term loan facility in an aggregate principal amount of up to the equivalent of $137.5 million U.S. dollars, which was drawn on December 12, 2016 (collectively, the "Incremental Term Loans"). All obligations under the Amended Credit Agreement are scheduled to mature on June 30, 2020. The proceeds of loans under the Amended Credit Agreement are available for working capital needs and other general corporate purposes.

The Amended Credit Agreement includes provisions for additional financial institutions to become lenders, or for any existing lender to increase its commitment thereunder, subject to an aggregate maximum of $250 million for all additional term loans, revolving credit borrowings and letter of credit commitments.

The Amended Credit Agreement is (1) guaranteed by substantially all of our wholly owned domestic subsidiaries, excluding our captive insurance subsidiary, and (2) secured by first-priority liens on certain assets owned by us and the guarantors (other than our subsidiaries comprising our Nuclear Operations Group and a portion of our Nuclear Services Group segments).

The Amended Credit Agreement requires interest payments on revolving loans on a periodic basis until maturity. We began making quarterly amortization payments on the $300 million term loan in an amount equal to 1.25% of the aggregate principal amount in the first quarter of 2016. We began making quarterly amortization payments on the U.S. dollar term loan facility in an amount equal to 1.25% of the aggregate principal amount in the fourth quarter of 2016. We began making quarterly amortization payments on the Canadian dollar term loan facility in an amount equal to 1.25% of the aggregate principal amount in the first quarter of 2017. We may prepay all loans under the Amended Credit Agreement at any time without premium or penalty (other than customary Eurocurrency rate breakage costs), subject to notice requirements.

The Amended Credit Agreement includes financial covenants that are tested on a quarterly basis, based on the rolling four-quarter period that ends on the last day of each fiscal quarter. The maximum permitted leverage ratio is 3.00 to 1.00, which may be increased to 3.25 to 1.00 for up to four consecutive fiscal quarters after a material acquisition. The minimum consolidated interest coverage ratio is 4.00 to 1.00. In addition, the Amended Credit Agreement contains various restrictive covenants, including with respect to debt, liens, investments, mergers, acquisitions, dividends, equity repurchases and asset sales. At March 31, 2018, we were in compliance with all covenants set forth in the Amended Credit Agreement.

Outstanding loans under the Amended Credit Agreement bear interest at our option at either the Eurocurrency rate plus a margin ranging from 1.25% to 1.75% per year or the base rate (the highest of the Federal Funds rate plus 0.50%, the one-month Eurocurrency rate plus 1.0%, or the administrative agent's prime rate) plus a margin ranging from 0.25% to 0.75% per year. We are charged a commitment fee on the unused portion of the revolving credit facility, and that fee varies between 0.15% and 0.25% per year. Additionally, we are charged a letter of credit fee of between 1.25% and 1.75% per year with respect to the amount of each financial letter of credit issued under the Amended Credit Agreement, and a letter of credit fee of between 0.75% and 1.05% per year is charged with respect to the amount of each performance letter of credit issued under the Amended Credit Agreement. The applicable margin for loans, the commitment fee and the letter of credit fees set forth above will vary quarterly based on our leverage ratio. Based on the leverage ratio applicable at March 31, 2018, the margin for Eurocurrency rate and base rate loans was 1.375% and 0.375%, respectively, the letter of credit fee for financial letters of credit and performance letters of credit was 1.375% and 0.825%, respectively, and the commitment fee for the unused portion of the revolving credit facility was 0.175%.

Upon the closing of the Credit Agreement and the subsequent Amendment, we paid certain upfront fees to the lenders thereunder, and paid arrangement and other fees to the arrangers and agents of the Amended Credit Agreement.

At March 31, 2018, borrowings outstanding totaled $502.8 million and $0.0 million under our term loans and revolving line of credit, respectively, and letters of credit issued under the Amended Credit Agreement totaled $73.8 million. As a result, we had $326.2 million available for borrowings or to meet letter of credit requirements as of March 31, 2018, excluding the additional $250 million available to us for term loan, revolving credit borrowings and letter of credit commitments. As of March 31, 2018, the weighted-average interest rate on outstanding borrowings under our Amended Credit Agreement was 3.18%.

The Amended Credit Agreement generally includes customary events of default for a secured credit facility, some of which allow for an opportunity to cure. If an event of default relating to bankruptcy or other insolvency events occurs under the Amended Credit Agreement, all obligations under the Amended Credit Agreement will immediately become due and payable. If any other event of default exists under the Amended Credit Agreement, the lenders will be permitted to accelerate the maturity of the obligations outstanding under the Amended Credit Agreement. If any event of default occurs under the Amended Credit Agreement, the lenders will be permitted to terminate their commitments thereunder and exercise other rights and remedies, including the commencement of foreclosure or other actions against the collateral.

If any default occurs under the Amended Credit Agreement, or if we are unable to make any of the representations and warranties in the Amended Credit Agreement, we will be unable to borrow funds or have letters of credit issued under the Amended Credit Agreement.

Other Arrangements

We have posted surety bonds to support regulatory and contractual obligations for certain decommissioning responsibilities, projects and legal matters. We utilize bonding facilities to support such obligations, but the issuance of bonds under those facilities is typically at the surety's discretion. Although there can be no assurance that we will maintain our surety bonding capacity, we believe our current capacity is adequate to support our existing requirements for the next twelve months. In addition, these bonds generally indemnify the beneficiaries should we fail to perform our obligations under the applicable agreements. We, and certain of our subsidiaries, have jointly executed general agreements of indemnity in favor of surety underwriters relating to surety bonds those underwriters issue. As of March 31, 2018, bonds issued and outstanding under these arrangements totaled approximately $60.8 million.

Long-term Benefit Obligations

Our unfunded pension and postretirement benefit obligations totaled $284.1 million at March 31, 2018. These long-term liabilities are expected to require use of our resources to satisfy future funding obligations. We expect to make contributions of approximately $25.6 million for the remainder of 2018 related to our pension plans and postretirement plans.

Other

Our domestic and foreign cash and cash equivalents, restricted cash and cash equivalents and investments as of March 31, 2018 and December 31, 2017 were as follows:

	March 31, 2018	December 31, 2017
	(In thousands)	
Domestic	$ 154,624	$ 211,935
Foreign	6,657	13,443
Total	$ 161,281	$ 225,378

Our working capital increased by approximately $30.8 million to $375.8 million at March 31, 2018 from $345.0 million at December 31, 2017, primarily attributable to changes in net contracts in progress and advance billings due to the timing of project cash flows.

Our net cash used in operations decreased by $36.1 million to $18.6 million in the three months ended March 31, 2018, compared to $54.7 million in the three months ended March 31, 2017. The decrease in cash used in operations was largely attributable to changes in accounts receivable, accounts payable and accrued expenses, which were partially offset by the changes to net contracts in progress and advance billings noted above.

Our net cash used in investing activities increased by $0.8 million to $15.7 million in the three months ended March 31, 2018 compared to $14.9 million in the three months ended March 31, 2017. The increase was primarily attributable to an increase in purchases of property, plant and equipment, which were partially offset by a decrease in the purchases of securities and a decrease caused by the return of capital associated with one of our equity method investments related to a joint venture that was transitioned in 2017.

Our net cash used in financing activities increased by $64.0 million to $25.3 million in the three months ended March 31, 2018, compared to cash provided by financing activities of $38.7 million in the three months ended March 31, 2017. The increase was primarily attributable to a decrease in net borrowings and repayments under the Amended Credit Agreement of $50.1 million when compared to the same period of the prior year.

At March 31, 2018, we had restricted cash and cash equivalents totaling $8.0 million, $2.6 million of which was held for future decommissioning of facilities (which is included in other assets on our condensed consolidated balance sheets) and $5.4 million of which was held to meet reinsurance reserve requirements of our captive insurer.

At March 31, 2018, we had short-term and long-term investments with a fair value of $9.9 million. Our investment portfolio consists primarily of U.S. Government and agency securities, corporate bonds and equities, mutual funds and asset-backed securities. Our investments are carried at fair value and are either classified as trading, with unrealized gains and losses reported in earnings, or as available-for-sale, with unrealized gains and losses, net of tax, being reported as a component of other comprehensive income.

Based on our liquidity position, we believe we have sufficient cash and letter of credit and borrowing capacity to fund our operating requirements for at least the next 12 months.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposures to market risks have not changed materially from those disclosed in Item 7A included in Part II of our 2017 10-K.

Item 4. CONTROLS AND PROCEDURES

As of the end of the period covered by this quarterly report, we carried out an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) adopted by the SEC under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). This evaluation was conducted under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Our disclosure controls and procedures were developed through a process in which our management applied its judgment in assessing the costs and benefits of such controls and procedures, which, by their nature, can provide only reasonable assurance regarding the control objectives. You should note that the design of any system of disclosure controls and procedures is based in part upon various assumptions about the likelihood of future events, and we cannot assure you that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. Based on the evaluation referred to above, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures are effective as of March 31, 2018 to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and such information is accumulated and communicated to management as appropriate to allow timely decisions regarding disclosure. There has been no change in our internal control over financial reporting during the quarter ended March 31, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

For information regarding ongoing investigations and litigation, see Note 4 to our unaudited condensed consolidated financial statements in Part I of this report, which we incorporate by reference into this Item.

Item 1A. RISK FACTORS

In addition to the other information in this report, the other factors presented in Item 1A Risk Factors in our 2017 10-K are some of the factors that could materially affect our business, financial condition or future results. There have been no material changes to our risk factors from those disclosed in our 2017 10-K.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Since November 2012, we have periodically announced that our Board of Directors has authorized share repurchase programs. The following table provides information on our purchases of equity securities during the quarter ended March 31, 2018. Any shares purchased that were not part of a publicly announced plan or program are related to repurchases of common stock pursuant to the provisions of employee benefit plans that permit the repurchase of shares to satisfy statutory tax withholding obligations.

Period	Total number of shares purchased (1)	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Approximate dollar value of shares that may yet be purchased under the plans or programs (in millions) (2)
January 1, 2018 - January 31, 2018	5,648	$ 62.57	—	$ 193.0
February 1, 2018 - February 28, 2018	2,696	$ 63.38	—	$ 150.0
March 1, 2018 - March 31, 2018	84,138	$ 64.37	—	$ 150.0
Total	92,482	$ 64.23	—	

(1) Includes 5,648, 2,696 and 84,138 shares repurchased during January, February and March, respectively, pursuant to the provisions of employee benefit plans that permit the repurchase of shares to satisfy statutory tax withholding obligations.

(2) On November 4, 2015, we announced that our Board of Directors authorized us to repurchase an indeterminate number of shares of our common stock at an aggregate market value of up to $300 million during a two-year period that expired on February 26, 2018. On February 27, 2017, we announced that our Board of Directors authorized us to repurchase an indeterminate number of shares of our common stock at an aggregate market value of up to $150 million during a three-year period that expires on February 24, 2020. The February 2017 authorization was in addition to the share repurchase amount authorized in November 2015.

Item 6. EXHIBITS

Exhibit Number	Description
2.1	Master Separation Agreement dated as of July 2, 2010 between McDermott International, Inc. and the Company (incorporated by reference to Exhibit 2.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 (File No. 1-34658)).
2.2	Master Separation Agreement, dated as of June 8, 2015, between the Company and Babcock & Wilcox Enterprises, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the SEC on June 9, 2015 (File No. 1-34658)).
3.1	Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2010 (File No. 1-34658)).
3.2	Certificate of Amendment to Restated Certificate of Incorporation dated June 30, 2015 (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2015 (File No. 1-34658)).
3.3	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on June 9, 2015 (File No. 1-34658)).
10.1*	Form of Non-Employee Director Grant Letter.
10.2*	Form of 2018 Performance Restricted Stock Unit Grant Agreement for Employees.
10.3*	Form of 2018 Restricted Stock Unit Grant Agreement for Employees.
31.1	Rule 13a-14(a)/15d-14(a) certification of Chief Executive Officer.
31.2	Rule 13a-14(a)/15d-14(a) certification of Chief Financial Officer.
32.1	Section 1350 certification of Chief Executive Officer.
32.2	Section 1350 certification of Chief Financial Officer.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document

* Management contract or compensatory plan or arrangement.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BWX TECHNOLOGIES, INC.

	/s/ David S. Black
By:	David S. Black Senior Vice President and Chief Financial Officer (Principal Financial Officer and Duly Authorized Representative)
	/s/ Jason S. Kerr
By:	Jason S. Kerr Vice President and Chief Accounting Officer (Principal Accounting Officer and Duly Authorized Representative)

May 4, 2018

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Section 2: EX-10.1 (EXHIBIT 10.1)

__________, 201__

PERSONAL & CONFIDENTIAL

____
Board of Directors
BWX Technologies, Inc.

RE: 201 Director Equity Grant

Dear ____________:

In accordance with the Non-Employee Director Compensation Program approved by the Board of Directors of BWX Technologies, Inc. ("BWXT"), you received a grant (the "Grant") of ______ Restricted Stock Units ("RSUs") under the 2010 Long-Term Incentive Plan of BWXT (as amended to date, the "Plan") on ________, 201__ (the "Grant Date"). Capitalized terms used, but not otherwise defined, in this document will have the meanings given to such terms in the Plan.

Grant of RSUs. You have been granted the number of RSUs indicated above. Each RSU represents a right to receive a Share effective on the last day of the Vesting Period, which for this Grant is the same day as the Grant Date (the "Vesting Date").

Settlement of RSUs. RSUs will be settled in Shares as soon as administratively practicable, but in no event later than 30 days following the Settlement Date. For purposes hereof, "Settlement Date" means either: (a) the Vesting Date or (b) in the event you made a permitted deferral election pursuant to the Plan with respect to this Grant, the date(s) of the applicable distribution event in accordance with such deferral election.

Dividend, Voting Rights and Other Rights. You shall have no rights of ownership in the Shares underlying the RSUs and shall have no right to vote such Shares until the date on which the Shares are transferred to you pursuant hereto. To the extent that cash dividends are otherwise paid with respect to Shares, dividend equivalents will be credited with respect to the Shares underlying the RSUs and shall be deferred (with no earnings accruing) until and paid to you at the same time the underlying Shares are transferred to you.

Tax Consequences. BWXT has been advised that for U.S. federal income tax purposes, as of the Settlement Date, you will be deemed to have received compensation taxable as ordinary income equal to the Fair Market Value of the Shares received hereunder on the Settlement Date. To the extent applicable, it is intended that this document and the Grant comply with the provisions of Section 409A of the Code. This document and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause this document or the Plan to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with or be exempt from Section 409A of the Code (which amendment may be retroactive to the extent permitted by Section 409A of the Code and may be made by BWXT without your consent). You are solely responsible for the taxes associated with the Grant and you should consult with and rely on your own tax advisor, accountant or legal advisor as to the tax consequences to you of this Grant, including settlement.

Adjustments. The RSUs and the number of Shares issuable for each RSU, and the other terms and conditions of the Grant evidenced by this document, are subject to adjustment, including as provided in Section 4.3 of the Plan.

Securities and Exchange Commission Requirements. Because you are a Section 16 insider, this Grant must be reported on a Form 4 before the end of the second (2nd) business day following the Grant Date. You are also subject to Rule 144. This Rule is applicable only when the underlying Shares are sold, so you need not take any action under Rule 144 at this time.

No Right to Future Awards or Board Membership. The grant of the RSUs under this document to you is a voluntary, discretionary award being made on a one-time basis and it does not constitute a commitment to make any future awards. Nothing contained in this document shall confer upon you any right to continued service as a member of the Board.

Amendments. Any amendment to the Plan shall be deemed to be an amendment to this document to the extent that the amendment is applicable hereto; provided, however, that (a) no amendment shall adversely affect your rights under this document without your written consent, and (b) your consent shall not be required to an amendment that is deemed necessary by BWXT to ensure compliance with Section 409A of the Code.

Severability. In the event that one or more of the provisions of this document shall be invalidated for any reason by a court of competent jurisdiction, any provision so invalidated shall be deemed to be separable from the other provisions hereof, and the remaining provisions hereof shall continue to be valid and fully enforceable.

Relation to Plan. This document is subject to the terms and conditions of the Plan. In the event of any inconsistency between the provisions of this document and the Plan, the Plan shall govern. The Committee acting pursuant to the Plan, as constituted from time to time, shall, except as expressly provided otherwise herein or in the Plan, have the right to determine any questions which arise in connection with this document.

Acknowledgement. You acknowledge that you (a) have received a copy of the Plan, (b) have had an opportunity to review the terms of this document and the Plan, (c) understand the terms and conditions of this document and the Plan and (d) agree to such terms and conditions.

Other Information. If you have any questions concerning the aforementioned, please do not hesitate to contact _______________ at _______________.

Please acknowledge receipt and acceptance of all of the Grant and its terms by signing both this letter and the enclosed copy thereof and returning such signed copy to BWXT at 11525 N. Community House Road, Charlotte, North Carolina 28277, attention of ________________, and marked “Personal and Confidential” as soon as possible following receipt hereof.

Very truly yours,

BWX TECHNOLOGIES, INC.

ACCEPTED:

_____________________________________ Date: ___________

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Section 3: EX-10.2 (EXHIBIT 10.2)

2018 PERFORMANCE RESTRICTED STOCK UNITS
GRANT AGREEMENT

To: _________________

By accepting your grant online through the Schwab Equity Award Center, you agree that these incentives are granted under and governed by the terms and conditions of the 2010 Long-Term Incentive Plan of BWX Technologies, Inc. (as amended and restated to date, the "Plan"), and this 2018 Performance Restricted Stock Units Grant Agreement, which is included in the online acceptance process. A copy of the Plan and the Prospectus relating to the stock issued under the Plan can be found at http://equityawardcenter.schwab.com under the "At a Glance/My Company Info" tab in your Schwab account. The Plan and Prospectus are incorporated by reference and made a part of the terms and conditions of your award. If you would like to receive a copy of either the Plan or Prospectus, please contact ______________ at ______________.

****

Effective __________, 2018 (the "Date of Grant"), the Compensation Committee of the Board of Directors (the "Committee") of BWX Technologies, Inc. ("BWXT") awarded you a grant of performance-based restricted stock units ("Performance RSUs") under the 2010 Long-Term Incentive Plan of BWXT, as amended and restated July 1, 2015 (the "Plan"). The provisions of the Plan are incorporated herein by reference. For the avoidance of doubt, the Performance RSUs are not intended to be a Performance-Based Award under the Plan.

Any reference or definition contained in this Agreement shall, except as otherwise specified, be construed in accordance with the terms and conditions of the Plan and all determinations and interpretations made by the Committee with regard to any question arising hereunder or under the Plan shall be binding and conclusive on you and your legal representatives and beneficiaries. The term "BWXT" as used in this Agreement with reference to employment shall include subsidiaries of BWXT (including unconsolidated joint ventures). Whenever the words "you" or "your" are used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the beneficiary, estate, or personal representative, to whom any rights under this Agreement may be transferred by will or by the laws of descent and distribution, it shall be deemed to include such person.

Performance RSUs

1. Performance RSU Award. You have been awarded ________ performance-based restricted stock units (the "Initial Performance RSUs"). These Performance RSUs represent a right to receive shares of BWXT common stock, calculated as described below, provided the applicable performance measures and vesting requirements set forth in this Agreement have been satisfied. No shares are awarded or issued to you on the Date of Grant.

2. Vesting Requirements. Subject to Section 3 of this Agreement (the "Forfeiture of Performance RSUs" provision), Performance RSUs do not provide you with any rights or interest therein until they become vested under one of the following circumstances (each, a "Vesting Date"):

- on the third anniversary of the Date of Grant, provided you are still employed by BWXT (with the number in which you vest determined as described in Section 4 of this Agreement (the "Number of Performance RSUs" provision));

- 100% of the Initial Performance RSUs shall become vested prior to the third anniversary of the Date of Grant on the earliest to occur of: (a) the date of termination of your employment from BWXT due to death, (b) your Disability (as defined in the Plan), or (c) the date a Change in Control (as defined in the Plan) is consummated; and

- the Committee may provide for additional vesting under other circumstances, in its sole discretion.

3. Forfeiture of Performance RSUs. Except in connection with a "Retirement" as defined below, Performance RSUs which are not or do not become vested upon your termination of employment for any reason shall, coincident therewith, be forfeited and be of no force and effect.

In the event you terminate employment prior to the third anniversary of the Date of Grant due to Retirement, 25% of the Initial Performance RSUs will remain in effect provided your termination date is on or after the first anniversary of the Date of Grant but prior to the second anniversary of the Date of Grant, and 50% of the Initial Performance RSUs will remain in effect provided your termination date is on or after the second anniversary of the Date of Grant but prior to the third anniversary of the Date of Grant. The number of Performance RSUs that will vest pursuant to the preceding sentence will be determined by multiplying (a) the total number of Performance RSUs that would have vested under this Agreement based on actual performance had you remained employed until the third anniversary of the Date of Grant by (b) the applicable percentage from the preceding sentence.

For purposes of this Agreement, "Retirement" means a voluntary termination of employment after attaining age 65 or an involuntary termination of employment under circumstances that would result in the payment of benefits under the BWXT Employee Severance Plan effective July 1, 2015, or a successor plan (as may be amended) whether or not you are a participant in such plan.

In the event that (a) you are convicted of (i) a felony or (ii) a misdemeanor involving fraud, dishonesty or moral turpitude, or (b) you engage in conduct that adversely affects or may reasonably be expected to adversely affect the business reputation or economic interests of BWXT, as determined in the sole judgment of the Committee, then all Performance RSUs and all rights or benefits awarded to you under this grant of Performance RSUs are forfeited, terminated and withdrawn immediately upon such conviction or notice of such determination. The Committee shall have the right to suspend any and all rights or benefits awarded to you hereunder pending its investigation and final determination with regard to such matters. The forfeiture provisions of this paragraph are in addition to the paragraphs under the heading "Clawback Provisions" below.

4. Number of Performance RSUs. Except as otherwise provided in this Agreement and subject to adjustments permitted by the Plan, the number of Performance RSUs in which you will vest under this Agreement, if any, will be determined by multiplying (a) the sum of (i) 0.5 times the vested percentage applicable to Return on Invested Capital ("ROIC") plus (ii) 0.5 times the vested percentage applicable to diluted Earnings Per Share ("EPS") by (b) the number of Initial Performance RSUs. The maximum number of Performance RSUs in which you can vest is 200% of your Initial Performance RSUs and the minimum number of Performance RSUs in which you can vest is 0% of your Initial Performance RSUs.

The vested percentage applicable to ROIC and EPS will each be determined over the Performance Period as set forth on Schedule 1 attached hereto and incorporated by reference herein. For purposes of this Agreement, the "Performance Period" means the period beginning on January 1, 2018 and ending on December 31, 2020.

5. Settlement of Performance RSUs. You (or your beneficiary, if applicable) will receive one share of BWXT common stock for each Performance RSU that vests under this Agreement. If you have not made a permitted deferral election, Shares shall be distributed as soon as administratively practicable after the Settlement Date, but in no event later than March 15 following the end of the calendar year in which the Settlement Date occurs. If you have made a permitted deferral election, shares shall be distributed on the Settlement Date. For purposes of this Agreement, "Settlement Date" means either: (a) the applicable Vesting Date or, in the event you made a permitted deferral election pursuant to the Plan with respect to this grant, (b) the date(s) of the applicable distribution event in accordance with such deferral election.

6. Dividend, Voting Rights and Other Rights. You shall have no rights of ownership in the shares of BWXT common stock underlying the Performance RSUs and shall have no right to vote such shares until the date on which the shares are transferred to you pursuant hereto. To the extent that cash dividends are otherwise paid with respect to shares of BWXT common stock, dividend equivalents will be credited with respect to the shares underlying the Performance RSUs and shall vest at the same time as the related Performance RSUs vest. Vested dividend equivalents shall be paid at the same time the underlying shares are transferred to you, with no earnings accruing thereon. Dividend equivalents credited with respect to Performance RSUs that do not vest shall be forfeited at the same time the related Performance RSUs are forfeited.

Taxes

7. Liability for Tax-Related Items. Regardless of any action BWXT or your employer (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding ("Tax-Related Items"), you acknowledge and agree that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that BWXT and/or the Employer (i) make no representations nor undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this grant of Performance RSUs, including the grant and vesting of Performance RSUs, subsequent delivery of Shares or the subsequent sale of any Shares acquired pursuant to such Performance RSUs and receipt of any dividend equivalent payments (if any) and (ii) do not commit to structure the terms or any aspect of this grant of Performance RSUs to reduce or eliminate your liability for Tax-Related Items. Prior to the taxable or tax withholding event, as applicable, you shall pay, or make adequate arrangements satisfactory to BWXT or to the Employer to satisfy all Tax-Related Items. In this regard, you authorize BWXT or Employer to withhold all applicable Tax-Related Items legally payable by you, and unless determined otherwise by the Committee, BWXT or Employer will withhold a number of Shares otherwise deliverable equal to the minimum statutory withholding amount to satisfy such liability. If the obligation for Tax-Related Items is satisfied by withholding a number of Shares as described herein, you understand that you will be deemed to have been issued the full number of Shares subject to the settled Performance RSUs, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of the settlement of the Performance RSUs.

Transferability

8. Non-Transferability. Performance RSUs granted hereunder are non-transferable other than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order.

Clawback Provisions

9. Recovery of Performance RSUs. In the event that BWXT is required to prepare an accounting restatement due to the material noncompliance of BWXT with any financial reporting requirement under the U.S. federal securities laws as a result of fraud (a "Restatement") and the Board reasonably determines that you knowingly engaged in the fraud, BWXT will have the right to recover the Performance RSUs granted

during the three-year period preceding the date on which the Board or BWXT, as applicable, determines it is required to prepare the Restatement (the "Three-Year Period"), or vested in whole or in part during the Three-Year Period, to the extent of any excess of what would have been granted to or would have vested for you under the Restatement.

10. Recovery Process. In the event a Restatement is required, the Board, based upon a recommendation by the Committee, will (a) review the Performance RSUs either granted or vested in whole or in part during the Three-Year Period and (b) in accordance with the provisions of this Agreement and the Plan, will take reasonable action to seek recovery of the amount of such Performance RSUs in excess of what would have been granted to or would have vested for you under the Restatement (but in no event more than the total amount of such Performance RSUs), as such excess amount is reasonably determined by the Board in its sole discretion, in compliance with Section 409A of the Code. There shall be no duplication of recovery under Article 19 of the Plan and any of 15 U.S.C. Section 7243 (Section 304 of The Sarbanes-Oxley Act of 2002) and Section 10D of the Exchange Act. Notwithstanding anything in this Agreement to the contrary, you acknowledge and agree that this Agreement and the award described herein (and any settlement thereof) are subject to the terms and conditions of the Company's clawback policy (if any) as may be in effect from time to time specifically to implement Section 10D of the Exchange Act, and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Shares may be traded) (the "Compensation Recovery Policy"), and that Sections 10 and 11 of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

Other Information

11. No Guarantee of Continued Service. Neither the action of BWXT in establishing the Plan, nor any action taken by it, by the Committee or by your employer, nor any provision of the Plan or this Agreement shall be construed as conferring upon you the right to be retained in the employ of BWXT or any of its subsidiaries or affiliates.

12. Country-Specific Special Terms and Conditions. Notwithstanding any provisions in this Agreement, the Performance RSUs shall also be subject to the special terms and conditions set forth in Appendix A to this Agreement for your country of residence. Moreover, if you relocate to one of the countries included on Appendix A, the special terms and conditions for such country will apply to you, to the extent BWXT determines that the application of such terms and conditions are necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Agreement.

13. Notice to Governmental Authority. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement prevents you from providing, without prior notice to BWXT, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity you are not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the 1934 Act.

Schedule 1

Calculating ROIC and EPS

Except as otherwise described below, the component values used to calculate ROIC and EPS will be determined in accordance with U.S. generally accepted accounting principles excluding (1) expenses associated with the acquisition or disposition of any asset, (2) expenses associated with company restructuring activity, (3) any pension accounting mark-to-market losses, (4) acquisition related amortization resulting from an acquisition that occurs during the Performance Period, (5) losses from divestitures, (6) impairments of tangible and intangible assets, (7) losses in respect of legal proceedings and dispute resolutions, (8) the effect of the Company's repurchases of its common stock (for purposes of calculating EPS only), and (9) losses from tax valuation allowances. The performance goals or the component values will also be adjusted to reflect the negative effects from applicable changes in accounting standards / policies or tax regulations after the date of this meeting. No adjustment herein shall limit any discretion provided by the Plan to increase or reduce the amount of a Participant's Final Award as computed hereunder.

Return on Invested Capital (ROIC)

The vested percentage applicable to ROIC will be determined based on BWXT's average annual ROIC (as calculated below) ("Average ROIC") for the Performance Period in accordance with the following schedule:

Average ROIC	ROIC Vested Percentage
___%	50%
___%	100%
___%	200%

Vested percentages between the amounts shown will be calculated by linear interpolation. The vested percentage applicable to ROIC will be 0% if the Average ROIC for the Performance Period is below ___%. In no event will the vested percentage applicable to ROIC be greater than 200%.

ROIC will be calculated quarterly and the ROIC for any calendar year during the Performance Period will equal the sum of the four applicable quarterly ROIC calculations. Average ROIC will equal the sum of the three annual ROIC calculations during the Performance Period divided by three.

For purposes of this Agreement, the term "ROIC" is a ratio measure of BWXT's net income in relation to BWXT's invested capital, using the formula set forth below. For purposes of determining ROIC, net income is pre-tax income less tax expense calculated in accordance with U.S. generally accepted accounting principles. Invested capital is BWXT's total assets less current liabilities. Current liabilities include any liabilities that are due within one calendar year and will be defined based on BWXT's consolidated balance sheet applicable to the applicable period.

$$\frac{\textit{Net Income}}{\textit{Invested Capital}} = \frac{\textit{Pre-tax Income - Tax Expense}}{\textit{Total Assets - Current Liabilities}}$$

Diluted Earnings Per Share (EPS)

The vested percentage applicable to EPS will be determined based on BWXT's cumulative EPS (as calculated below) ("Cumulative EPS") for the Performance Period in accordance with the following schedule:

Cumulative EPS	EPS Vested Percentage
$___	50%
$___	100%
$___	200%

Vested percentages between the amounts shown will be calculated by linear interpolation. The vested percentage applicable to EPS will be 0% if the Cumulative EPS for the Performance Period is below $___. In no event will the vested percentage applicable to EPS be greater than 200%.

EPS will be calculated for each calendar year during the Performance Period and Cumulative EPS for the Performance Period will equal the sum of the three applicable annual EPS calculations.

For purposes of this Agreement, the term "EPS" means BWXT's net income attributable to stockholders of common stock for the applicable period divided by BWXT's weighted average diluted shares outstanding for the applicable period. For purposes of determining EPS, net income attributable to stockholders of common stock is defined as "Net Income Attributable to BWX Technologies, Inc." on BWXT's Consolidated Statement of Income. Diluted shares outstanding will include all basic shares outstanding and any other dilutive securities for the period. If any securities are dilutive, the impact on the number of outstanding shares will be included in the denominator and the related income statement impact of the security will be removed from the numerator.

$$\textit{Diluted EPS} = \frac{\textit{Net Income to Common Shareholders + Net Income Impact of Dilutive Securities}}{\textit{WACSO assuming all Dilutive Securities are converted to Common Stock}}$$

WACSO represents weighted average common stock outstanding.

APPENDIX A

COUNTRY-SPECIFIC SPECIAL TERMS AND CONDITIONS

This Appendix A, which is part of the BWXT 2018 Performance Restricted Stock Units Grant Agreement (the "Agreement"), contains additional terms and conditions of the Agreement that will apply to you if you reside in one of the countries listed below. It also includes information about certain other issues of which you should be aware with respect to your participation in the Plan. Such information is based on securities, exchange control, and other laws in effect in the respective countries as of February 2018. Capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and/or the Agreement. By accepting the Performance RSUs, you agree to be bound by the terms and conditions contained in the paragraphs below in addition to the terms of the Plan, the Agreement, and the terms of any other document that may apply to you and your Performance RSUs.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and BWXT is not in a position to assure you of a particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, transferred employment after the Performance RSUs were granted to you, or are considered a resident of another country for local law purposes, the information contained herein may not apply.

COUNTRIES COVERED BY THIS APPENDIX A:
Canada.

CANADA

Terms and Conditions

1. Nature of Grant. In accepting the grant of Performance RSUs, you acknowledge that:

- the Plan is established voluntarily by BWXT, is discretionary in nature and may be modified, amended, suspended or terminated by BWXT at any time;
- the grant of the Performance RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of Performance RSUs, or benefits in lieu of Performance RSUs, even if Performance RSUs have been granted repeatedly in the past;
- all decisions with respect to future Performance RSUs grants, if any, will be at the sole discretion of BWXT;
- you are voluntarily participating in the Plan;
- the Performance RSUs and the shares of common stock subject to the Performance RSUs are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to BWXT or the Employer, and which is outside the scope of your employment contract, if any;
- the Performance RSUs and the shares of common stock subject to the Performance RSUs are not intended to replace any pension rights or compensation;

- the Performance RSUs and the shares of common stock subject to the Performance RSUs are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for BWXT, the Employer, or any;

- the Performance RSUs and your participation in the Plan will not be interpreted to form an employment contract or relationship with BWXT or any Subsidiary;

- the future value of the underlying shares of common stock is unknown and cannot be predicted with certainty;

- in consideration of the grant of the Performance RSUs, no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance RSUs resulting from termination of your service with BWXT or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and you irrevocably release BWXT and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, you shall be deemed irrevocably to have waive any entitlement to pursue such claim;

- in the event of termination of your service with BWXT (whether or not in breach of local labor laws), your right to vest in the Performance RSUs under the Plan, if any, will terminate effective as of the date that you are no longer actively providing services and will not be extended by any notice period mandated under local law (*e.g.*, active service would not include a period of "garden leave" or similar period pursuant to local law); you hereby waive and release any claims you may have against BWXT, its subsidiaries, affiliates, employees, officers and directors for the termination of any such right to vest during such notice period; the Board/Committee shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the Performance RSUs; notwithstanding the foregoing, if your service terminates due to certain termination events as described in this Agreement, the Performance RSUs will be fully vested as of the date of death; and

- the Performance RSUs and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

2. ***Data Privacy*. You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other award materials by and among, as applicable, the Employer, BWXT, and its Subsidiaries for the exclusive purpose of implementing, administering and managing your participation in the Plan.**

    You understand that BWXT and the Employer may hold certain personal information about you, including but not limited to, your name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of common stock or directorships held in BWXT, details of all awards or any other entitlement to shares of common stock granted, canceled, purchased, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

    You understand that Data will be transferred to any third parties assisting BWXT with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g.,

the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize BWXT and any other possible recipients which may assist BWXT (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. You understand, however, that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

3. Settlement of Performance RSUs. Section 5 of the Agreement (the "Settlement of Performance RSUs" provision) is hereby amended in its entirety to read as follows:

> "Settlement of Performance RSUs. You (or your beneficiary, if applicable) will receive one share of BWXT common stock for each Performance RSU that vests under this Agreement. Shares shall be distributed as soon as administratively practicable after the Settlement Date, but in no event later than March 15 following the end of the calendar year in which the Settlement Date occurs or, if earlier, at the latest by December 31 of the third year following the end of the year in which the Date of Grant occurred. For purposes of this Agreement, "Settlement Date" means the applicable Vesting Date."

4. Language Consent. The following provision will apply to residents of Quebec:

The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention.

5. Dividend Equivalents Settled in Shares or Cash. Unless otherwise determined by the Committee, any vested dividend equivalents will be settled in cash.

6. Performance RSUs Settled in Shares Only. Notwithstanding anything to the contrary in the Plan and/or this Agreement, any Performance RSUs granted to you shall be paid in shares of BWXT common stock only and do not provide any right to receive a cash payment.

7. Form of Payment. Due to legal restrictions in Canada and notwithstanding any language to the contrary in the Plan, you are prohibited from surrendering shares that you already own or from attesting to the ownership of shares to pay any tax withholding in connection with Performance RSUs granted to you.

Notifications

1. Additional Restrictions on Resale. In addition to the restrictions on resale and transfer noted in Plan materials, securities purchased under the Plan may be subject to certain restrictions on resale imposed by Canadian provincial securities laws. You are encouraged to seek legal advice prior to any resale of such securities. In general, participants resident in Canada may resell their securities in transactions carried out on exchanges outside of Canada.

2. Tax Reporting. The Tax Act and the regulations thereunder require a Canadian resident individual (among others) to file an information return disclosing prescribed information where, at any time in a tax year, the total cost amount of such individual's "specified foreign property" (which includes shares, options, restricted stock units, and performance-based restricted stock units) exceeds Cdn.$100,000. You should consult your own tax advisor regarding this reporting requirement.

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Section 4: EX-10.3 (EXHIBIT 10.3)

2018 RESTRICTED STOCK UNITS
GRANT AGREEMENT

To: _________________

By accepting your grant online through the Schwab Equity Award Center, you agree that these incentives are granted under and governed by the terms and conditions of the 2010 Long-Term Incentive Plan of BWX Technologies, Inc. (as amended and restated to date, the "Plan"), and this 2018 Restricted Stock Units Grant Agreement, which is included in the online acceptance process. A copy of the Plan and the Prospectus relating to the stock issued under the Plan can be found at http://equityawardcenter.schwab.com under the "At a Glance/My Company Info" tab in your Schwab account. The Plan and Prospectus are incorporated by reference and made a part of the terms and conditions of your award. If you would like to receive a copy of either the Plan or Prospectus, please contact _______________ at ________________.

****

Effective ___________, 2018 (the "Date of Grant"), the Compensation Committee of the Board of Directors (the "Committee") of BWX Technologies, Inc. ("BWXT") awarded you a grant of restricted stock units ("RSUs") under the 2010 Long-Term Incentive Plan of BWXT, as amended and restated July 1, 2015 (the "Plan"). The provisions of the Plan are incorporated herein by reference.

Any reference or definition contained in this Agreement shall, except as otherwise specified, be construed in accordance with the terms and conditions of the Plan and all determinations and interpretations made by the Committee with regard to any question arising hereunder or under the Plan shall be binding and conclusive on you and your legal representatives and beneficiaries. The term "BWXT" as used in this Agreement with reference to employment shall include subsidiaries of BWXT (including unconsolidated joint ventures). Whenever the words "you" or "your" are used in any provision of this Agreement under circumstances where the provision should logically be construed to apply to the beneficiary, estate, or personal representative, to whom any rights under this Agreement may be transferred by will or by the laws of descent and distribution, it shall be deemed to include such person.

Restricted Stock Units

1. RSU Award. You have been awarded ____________ RSUs. Each RSU represents a right to receive one share of BWXT common stock on the Vesting Date, as set forth in Section 2 of this Agreement (the "Vesting Requirements" provision).

2. Vesting Requirements. Subject to Section 3 of this Agreement (the “Forfeiture of RSUs” provision), RSUs do not provide you with any rights or interest therein until they become vested under one or more of the following circumstances (each such circumstance, a “Vesting Date”):

- in one-third (1/3) increments on the first, second and third anniversaries of the Date of Grant, provided you are still employed on each date;

- 25% of the then-remaining outstanding RSUs on the date your employment with BWXT terminates if your employment is involuntarily terminated by reason of a Reduction in Force (as defined below) on or after the first anniversary and prior to the second anniversary of the Date of Grant;

- 50% of the then-remaining outstanding RSUs on the date your employment with BWXT terminates if your employment is involuntarily terminated by reason of a Reduction in Force on or after the second anniversary and prior to the third anniversary of the Date of Grant;

- 100% of the then-remaining outstanding RSUs on the earliest to occur prior to the third anniversary of the Date of Grant: (a) the date of termination of your employment from BWXT due to death, (b) your Disability (as defined in the Plan) or (c) the date a Change in Control (as defined in the Plan) is consummated; and

- the Committee may provide for additional vesting under other circumstances, in its sole discretion.

For purposes of this Agreement, the term "Reduction in Force" means a termination of employment under circumstances that would result in the payment of benefits under the BWX Technologies Employee Severance Plan or a successor plan (as may be amended) whether or not you are a participant in such plan.

3. Forfeiture of RSUs. RSUs which are not or do not become vested upon your termination of employment shall, coincident therewith, terminate and be of no force or effect.

In the event that (a) you are convicted of (i) a felony or (ii) a misdemeanor involving fraud, dishonesty or moral turpitude, or (b) you engage in conduct that adversely affects or may reasonably be expected to adversely affect the business reputation or economic interests of BWXT, as determined in the sole judgment of the Committee, then all RSUs and all rights or benefits awarded to you under this grant of RSUs are forfeited, terminated and withdrawn immediately upon such conviction or notice of such determination. The Committee shall have the right to suspend any and all rights or benefits awarded to you hereunder pending its investigation and final determination with regard to such matters. The forfeiture provisions of this paragraph are in addition to the provisions under the heading "Clawback Provisions" below.

4. Settlement of RSUs. If you have not made a permitted deferral election, RSUs shall be settled in shares of BWXT common stock, which shares shall be distributed as soon as administratively practicable after the Settlement Date, but in no event later than March 15 following the end of the calendar year in which the Settlement Date occurs. If you have made a permitted deferral election, shares shall be distributed on the Settlement Date. For purposes of this Agreement, "Settlement Date" means either: (a) the applicable Vesting Date or, in the event you made a permitted deferral election pursuant to the Plan with respect to this grant, (b) the date(s) of the applicable distribution event in accordance with such deferral election.

5. Dividend, Voting Rights and Other Rights. You shall have no rights of ownership in the shares of BWXT common stock underlying the RSUs and shall have no right to vote such shares until the date on which the shares are transferred to you pursuant hereto. To the extent that cash dividends are otherwise paid with respect to shares of BWXT common stock, dividend equivalents will be credited with respect to the shares underlying the RSUs and shall vest at the same time as the related RSUs vest. Vested dividend equivalents shall be paid contingent upon the vesting of the related RSUs and paid at the same time the underlying shares are transferred to you with no earnings accruing thereon. Dividend equivalents credited with respect to RSUs that do not vest shall be forfeited at the same time the related RSUs are forfeited.

Taxes

6. Liability for Tax-Related Items. Regardless of any action BWXT or your employer (the "Employer") takes with respect to any or all income tax, social insurance, payroll tax, or other tax-related withholding ("Tax-Related Items"), you acknowledge and agree that the ultimate liability for all Tax-Related Items legally due by you is and remains your responsibility and that BWXT and/or the Employer (i) make no representations

nor undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of this grant of RSUs, including the grant and vesting of RSUs, subsequent delivery of Shares or the subsequent sale of any Shares acquired pursuant to such RSUs and receipt of any dividend equivalent payments (if any) and (ii) do not commit to structure the terms or any aspect of this grant of RSUs to reduce or eliminate your liability for Tax-Related Items. Prior to the taxable or tax withholding event, as applicable, you shall pay, or make adequate arrangements satisfactory to BWXT or to the Employer to satisfy all Tax-Related Items. In this regard, you authorize BWXT or Employer to withhold all applicable Tax-Related Items legally payable by you, and unless determined otherwise by the Committee, BWXT or Employer will withhold a number of Shares otherwise deliverable equal to the minimum statutory withholding amount to satisfy such liability. If the obligation for Tax-Related Items is satisfied by withholding a number of Shares as described herein, you understand that you will be deemed to have been issued the full number of Shares subject to the settled RSUs, notwithstanding that a number of Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of the settlement of the RSUs.

Transferability

7. Non-Transferability. RSUs granted hereunder are non-transferable other than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order.

Clawback Provisions

8. Recovery of RSUs. In the event that BWXT is required to prepare an accounting restatement due to the material noncompliance of BWXT with any financial reporting requirement under the U.S. federal securities laws as a result of fraud (a "Restatement") and the Board reasonably determines that you knowingly engaged in the fraud, BWXT will have the right to recover the RSUs granted during the three-year period preceding the date on which the Board or BWXT, as applicable, determines it is required to prepare the Restatement (the "Three-Year Period"), or vested in whole or in part during the Three-Year Period, to the extent of any excess of what would have been granted to or would have vested for you under the Restatement.

9. Recovery Process. In the event a Restatement is required, the Board, based upon a recommendation by the Committee, will (a) review the RSUs either granted or vested in whole or in part during the Three-Year Period and (b) in accordance with the provisions of this Agreement and the Plan, will take reasonable action to seek recovery of the amount of such RSUs in excess of what would have been granted to or would have vested for you under the Restatement (but in no event more than the total amount of such RSUs), as such excess amount is reasonably determined by the Board in its sole discretion, in compliance with Section 409A of the Code. There shall be no duplication of recovery under Article 19 of the Plan and any of 15 U.S.C. Section 7243 (Section 304 of The Sarbanes-Oxley Act of 2002) and Section 10D of the Exchange Act. The clawback provisions of this Agreement are in addition to the forfeiture provisions contained in Section 3 of this Agreement (under the heading "Forfeiture of RSUs"). Notwithstanding anything in this Agreement to the contrary, you acknowledge and agree that this Agreement and the award described herein (and any settlement thereof) are subject to the terms and conditions of the Company's clawback policy (if any) as may be in effect from time to time specifically to implement Section 10D of the Exchange Act, and any applicable rules or regulations promulgated thereunder (including applicable rules and regulations of any national securities exchange on which the Shares may be traded) (the "Compensation Recovery Policy"), and that Sections 8 and 9 of this Agreement shall be deemed superseded by and subject to the terms and conditions of the Compensation Recovery Policy from and after the effective date thereof.

Other Information

10. No Guarantee of Continued Service. Neither the action of BWXT in establishing the Plan, nor any action taken by it, by the Committee or by your employer, nor any provision of the Plan or this Agreement shall be construed as conferring upon you the right to be retained in the employ of BWXT.

11. Country-Specific Special Terms and Conditions. Notwithstanding any provisions in this Agreement, the RSUs shall also be subject to the special terms and conditions set forth in Appendix A to this Agreement for your country of residence. Moreover, if you relocate to one of the countries included on Appendix A, the special terms and conditions for such country will apply to you, to the extent BWXT determines that the application of such terms and conditions are necessary or advisable in order to comply with local law or facilitate the administration of the Plan. Appendix A constitutes part of this Agreement.

12. Notice to Governmental Authority. Notwithstanding anything in this Agreement to the contrary, nothing in this Agreement prevents you from providing, without prior notice to BWXT, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity you are not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the 1934 Act.

APPENDIX A

COUNTRY-SPECIFIC SPECIAL TERMS AND CONDITIONS

This Appendix A, which is part of the BWXT 2018 Restricted Stock Units Grant Agreement (the "Agreement"), contains additional terms and conditions of the Agreement that will apply to you if you reside in one of the countries listed below. It also includes information about certain other issues of which you should be aware with respect to your participation in the Plan. Such information is based on securities, exchange control, and other laws in effect in the respective countries as of February 2018. Capitalized terms used but not defined herein shall have the same meanings assigned to them in the Plan and/or the Agreement. By accepting the RSUs, you agree to be bound by the terms and conditions contained in the paragraphs below in addition to the terms of the Plan, the Agreement, and the terms of any other document that may apply to you and your RSUs.

In addition, the information contained herein is general in nature and may not apply to your particular situation, and BWXT is not in a position to assure you of a particular result. Accordingly, you are advised to seek appropriate professional advice as to how the relevant laws in your country may apply to your situation.

Finally, if you are a citizen or resident of a country other than the one in which you are currently working, transferred employment after the RSUs were granted to you, or are considered a resident of another country for local law purposes, the information contained herein may not apply.

COUNTRIES COVERED BY THIS APPENDIX A:
Canada.

CANADA

Terms and Conditions

1. Nature of Grant. In accepting the grant of RSUs, you acknowledge that:

    - the Plan is established voluntarily by BWXT, is discretionary in nature and may be modified, amended, suspended or terminated by BWXT at any time;

    - the grant of the RSUs is voluntary and occasional and does not create any contractual or other right to receive future grants of RSUs, or benefits in lieu of RSUs, even if RSUs have been granted repeatedly in the past;

    - all decisions with respect to future RSUs grants, if any, will be at the sole discretion of BWXT;

    - you are voluntarily participating in the Plan;

    - the RSUs and the shares of common stock subject to the RSUs are an extraordinary item that does not constitute compensation of any kind for services of any kind rendered to BWXT or the Employer, and which is outside the scope of your employment contract, if any;

    - the RSUs and the shares of common stock subject to the RSUs are not intended to replace any pension rights or compensation;

- the RSUs and the shares of common stock subject to the RSUs are not part of normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments and in no event should be considered as compensation for, or relating in any way to, past services for BWXT, the Employer, or any;

- the RSUs and your participation in the Plan will not be interpreted to form an employment contract or relationship with BWXT or any Subsidiary;

- the future value of the underlying shares of common stock is unknown and cannot be predicted with certainty;

- in consideration of the grant of the RSUs, no claim or entitlement to compensation or damages shall arise from forfeiture of the RSUs resulting from termination of your service with BWXT or the Employer (for any reason whatsoever and whether or not in breach of local labor laws) and you irrevocably release BWXT and the Employer from any such claim that may arise; if, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, you shall be deemed irrevocably to have waive any entitlement to pursue such claim;

- in the event of termination of your service with BWXT (whether or not in breach of local labor laws), your right to vest in the RSUs under the Plan, if any, will terminate effective as of the date that you are no longer actively providing services and will not be extended by any notice period mandated under local law (*e.g.*, active service would not include a period of "garden leave" or similar period pursuant to local law); you hereby waive and release any claims you may have against BWXT, its subsidiaries, affiliates, employees, officers and directors for the termination of any such right to vest during such notice period; the Board/Committee shall have the exclusive discretion to determine when you are no longer actively providing services for purposes of the RSUs; notwithstanding the foregoing, if your service terminates due to certain termination events as described in this Agreement, the RSUs will be fully vested; and

- the RSUs and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability.

2. ***<u>Data Privacy</u>. You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Agreement and any other award materials by and among, as applicable, the Employer, BWXT, and its Subsidiaries for the exclusive purpose of implementing, administering and managing your participation in the Plan.***

You understand that BWXT and the Employer may hold certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance number, passport number or other identification number, salary, nationality, job title, any shares of common stock or directorships held in BWXT, details of all awards or any other entitlement to shares of common stock granted, canceled, purchased, exercised, vested, unvested or outstanding in your favor, for the exclusive purpose of implementing, administering and managing the Plan ("Data").

You understand that Data will be transferred to any third parties assisting BWXT with the implementation, administration and management of the Plan. You understand that the recipients of the Data may be located in the United States or elsewhere, and that the recipients' country (e.g.,

the United States) may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of the Data by contacting your local human resources representative. You authorize BWXT and any other possible recipients which may assist BWXT (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer the Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local human resources representative. You understand, however, that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

3. Settlement of RSUs. Section 4 of the Agreement (the "Settlement of RSUs" provision) is amended in its entirety to read as follows:

   "Settlement of RSUs. RSUs shall be settled in shares of BWXT common stock, which shares shall be distributed as soon as administratively practicable after the Settlement Date, but in no event later than March 15 following the end of the calendar year in which the Settlement Date occurs or, if earlier, at the latest by December 31 of the third year following the end of the year in which the Date of Grant occurred. For purposes of this Agreement, "Settlement Date" means the applicable Vesting Date."

4. Language Consent. The following provision will apply to residents of Quebec:

   The parties acknowledge that it is their express wish that this Agreement, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

   Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention, ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention.

5. Dividend Equivalents Settled in Shares or Cash. Unless otherwise determined by the Committee, any vested dividend equivalents will be settled in cash.

6. RSUs Settled in Shares Only. Notwithstanding anything to the contrary in the Plan and/or this Agreement, any RSUs granted to you shall be paid in shares of BWXT common stock only and do not provide any right to receive a cash payment.

7. Form of Payment. Due to legal restrictions in Canada and notwithstanding any language to the contrary in the Plan, you are prohibited from surrendering shares that you already own or from attesting to the ownership of shares to pay any tax withholding in connection with RSUs granted to you.

Notifications

1. Additional Restrictions on Resale. In addition to the restrictions on resale and transfer noted in Plan materials, securities purchased under the Plan may be subject to certain restrictions on resale imposed by Canadian provincial securities laws. You are encouraged to seek legal advice prior to any resale

of such securities. In general, participants resident in Canada may resell their securities in transactions carried out on exchanges outside of Canada.

2. Tax Reporting. The Tax Act and the regulations thereunder require a Canadian resident individual (among others) to file an information return disclosing prescribed information where, at any time in a tax year, the total cost amount of such individual's "specified foreign property" (which includes shares, options, restricted stock units, and performance-based restricted stock units) exceeds Cdn.$100,000. You should consult your own tax advisor regarding this reporting requirement.

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Section 5: EX-31.1 (EXHIBIT 31.1)

EXHIBIT 31.1

CERTIFICATION

I, Rex D. Geveden, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BWX Technologies, Inc. for the quarterly period ended March 31, 2018;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 4, 2018

/s/ Rex D. Geveden
Rex D. Geveden
President and Chief Executive Officer

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Section 6: EX-31.2 (EXHIBIT 31.2)

EXHIBIT 31.2

CERTIFICATION

I, David S. Black, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BWX Technologies, Inc. for the quarterly period ended March 31, 2018;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 4, 2018

/s/ David S. Black

David S. Black
Senior Vice President and Chief Financial Officer

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Section 7: EX-32.1 (EXHIBIT 32.1)

EXHIBIT 32.1

BWX TECHNOLOGIES, INC.

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, Rex D. Geveden, President and Chief Executive Officer of BWX Technologies, Inc., a Delaware corporation (the “Company”), hereby certify, to my knowledge, that:

(1) the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 4, 2018

/s/ Rex D. Geveden

Rex D. Geveden
President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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Section 8: EX-32.2 (EXHIBIT 32.2)

EXHIBIT 32.2

BWX TECHNOLOGIES, INC.

Certification Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), I, David S. Black, Senior Vice President and Chief Financial Officer of BWX Technologies, Inc., a Delaware corporation (the “Company”), hereby certify, to my knowledge, that:

(1) the Company’s Quarterly Report on Form 10-Q for the quarter ended March 31, 2018 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 4, 2018

/s/ David S. Black

David S. Black
Senior Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

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