

**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, 2020.

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 or other jurisdiction 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

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$0.01 par value	BWXT	New York Stock Exchange

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 every Interactive Data File required to be submitted 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 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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 April 30, 2020 was 95,228,613.

**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, 2020	December 31, 2019
	(Unaudited) (In thousands)	
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 77,627	\$ 86,540
Restricted cash and cash equivalents	3,066	3,056
Investments	3,694	5,843
Accounts receivable – trade, net	63,051	56,721
Accounts receivable – other	11,292	13,426
Retainages	62,385	46,670
Contracts in progress	407,854	376,037
Other current assets	37,226	41,462
Assets held for sale	20,845	—
<b>Total Current Assets</b>	<b>687,040</b>	<b>629,755</b>
Property, Plant and Equipment, Net	594,157	580,241
Investments	6,291	7,620
Goodwill	271,593	275,502
Deferred Income Taxes	55,129	58,689
Investments in Unconsolidated Affiliates	71,754	70,116
<b>Intangible Assets</b>	<b>185,678</b>	<b>191,392</b>
Other Assets	94,961	95,598
<b>TOTAL</b>	<b>\$ 1,966,603</b>	<b>\$ 1,908,913</b>

See accompanying notes to condensed consolidated financial statements.

**BWX TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**

**LIABILITIES AND STOCKHOLDERS' EQUITY**

	March 31, 2020	December 31, 2019
	(Unaudited)	
	(In thousands, except share and per share amounts)	
<b>Current Liabilities:</b>		
Current maturities of long-term debt	\$ 13,924	\$ 14,711
Accounts payable	123,975	170,678
Accrued employee benefits	54,190	82,640
Accrued liabilities – other	44,825	52,213
Advance billings on contracts	80,065	75,425
Accrued warranty expense	4,873	9,042
Income taxes payable	18,721	—
Liabilities associated with assets held for sale	2,585	—
<b>Total Current Liabilities</b>	<b>343,158</b>	<b>404,709</b>
<b>Long-Term Debt</b>	<b>911,312</b>	<b>809,442</b>
Accumulated Postretirement Benefit Obligation	22,066	23,259
<b>Environmental Liabilities</b>	<b>80,634</b>	<b>80,368</b>
Pension Liability	164,031	172,508
<b>Other Liabilities</b>	<b>15,890</b>	<b>14,515</b>
Commitments and Contingencies (Note 6)		
<b>Stockholders' Equity:</b>		
Common stock, par value \$0.01 per share, authorized 325,000,000 shares; issued 126,888,659 and 126,579,285 shares at March 31, 2020 and December 31, 2019, respectively	1,269	1,266
Preferred stock, par value \$0.01 per share, authorized 75,000,000 shares; No shares issued	—	—
Capital in excess of par value	138,500	134,069
Retained earnings	1,401,628	1,344,383
Treasury stock at cost, 31,660,046 and 31,266,670 shares at March 31, 2020 and December 31, 2019, respectively	(1,093,240)	(1,068,164)
Accumulated other comprehensive income (loss)	(18,645)	(7,448)
<b>Stockholders' Equity – BWX Technologies, Inc.</b>	<b>429,512</b>	<b>404,106</b>
<b>Noncontrolling interest</b>	<b>—</b>	<b>6</b>
<b>Total Stockholders' Equity</b>	<b>429,512</b>	<b>404,112</b>
<b>TOTAL</b>	<b>\$ 1,966,603</b>	<b>\$ 1,908,913</b>

See accompanying notes to condensed consolidated financial statements.

**BWX TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

	Three Months Ended March 31,	
	2020	2019
	(Unaudited) (In thousands, except share and per share amounts)	
Revenues	\$ 542,208	\$ 416,454
Costs and Expenses:		
Cost of operations	392,443	303,635
Research and development costs	4,603	5,174
Selling, general and administrative expenses	52,958	51,683
Total Costs and Expenses	450,004	360,492
Equity in Income of Investees	6,063	7,682
Operating Income	98,267	63,644
Other Income (Expense):		
Interest income	231	415
Interest expense	(7,967)	(8,703)
Other – net	7,917	7,521
Total Other Income (Expense)	181	(767)
Income before Provision for Income Taxes	98,448	62,877
Provision for Income Taxes	22,828	13,767
Net Income	\$ 75,620	\$ 49,110
Net Income Attributable to Noncontrolling Interest	(121)	(132)
Net Income Attributable to BWX Technologies, Inc.	\$ 75,499	\$ 48,978
Earnings per Common Share:		
Basic:		
Net Income Attributable to BWX Technologies, Inc.	\$ 0.79	\$ 0.51
Diluted:		
Net Income Attributable to BWX Technologies, Inc.	\$ 0.79	\$ 0.51
Shares used in the computation of earnings per share (Note 10):		
Basic	95,412,351	95,255,109
Diluted	95,756,372	95,821,354

See accompanying notes to condensed consolidated financial statements.

**BWX TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF**  
**COMPREHENSIVE INCOME**

	Three Months Ended March 31,	
	2020	2019
	(Unaudited) (In thousands)	
Net Income	\$ 75,620	\$ 49,110
Other Comprehensive Income (Loss):		
Currency translation adjustments	(11,940)	943
Derivative financial instruments:		
Unrealized gains (losses) arising during the period, net of tax (provision) benefit of \$(109) and \$164, respectively	313	(441)
Reclassification adjustment for losses (gains) included in net income, net of tax (benefit) provision of \$(138) and \$49, respectively	420	(141)
Amortization of benefit plan costs, net of tax benefit of \$(167) and \$(136), respectively	610	511
Investments:		
Unrealized (losses) gains arising during the period, net of tax provision of \$(2) and \$(7), respectively	(600)	24
Other Comprehensive Income (Loss)	(11,197)	896
Total Comprehensive Income	64,423	50,006
Comprehensive Income Attributable to Noncontrolling Interest	(121)	(132)
Comprehensive Income Attributable to BWX Technologies, Inc.	\$ 64,302	\$ 49,874

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, 2019	126,579,285	\$ 1,266	\$ 134,069	\$ 1,344,383	\$ (7,448)	\$ (1,068,164)	\$ 404,106	\$ 6	\$ 404,112
Net income	—	—	—	75,499	—	—	75,499	121	75,620
Dividends declared (\$0.19 per share)	—	—	—	(18,254)	—	—	(18,254)	—	(18,254)
Currency translation adjustments	—	—	—	—	(11,940)	—	(11,940)	—	(11,940)
Derivative financial instruments	—	—	—	—	733	—	733	—	733
Defined benefit obligations	—	—	—	—	610	—	610	—	610
Available-for-sale investments	—	—	—	—	(600)	—	(600)	—	(600)
Exercises of stock options	56,431	1	1,331	—	—	—	1,332	—	1,332
Shares placed in treasury	—	—	—	—	—	(25,076)	(25,076)	—	(25,076)
Stock-based compensation charges	252,943	2	3,100	—	—	—	3,102	—	3,102
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(127)	(127)
Balance March 31, 2020 (unaudited)	<u>126,888,659</u>	<u>\$ 1,269</u>	<u>\$ 138,500</u>	<u>\$ 1,401,628</u>	<u>\$ (18,645)</u>	<u>\$ (1,093,240)</u>	<u>\$ 429,512</u>	<u>\$ —</u>	<u>\$ 429,512</u>
Balance December 31, 2018	125,871,866	\$ 1,259	\$ 115,725	\$ 1,166,762	\$ (10,289)	\$ (1,037,795)	\$ 235,662	\$ 39	\$ 235,701
Recently adopted accounting standards	—	—	—	(1,219)	77	—	(1,142)	—	(1,142)
Net income	—	—	—	48,978	—	—	48,978	132	49,110
Dividends declared (\$0.17 per share)	—	—	—	(16,323)	—	—	(16,323)	—	(16,323)
Currency translation adjustments	—	—	—	—	943	—	943	—	943
Derivative financial instruments	—	—	—	—	(582)	—	(582)	—	(582)
Defined benefit obligations	—	—	—	—	511	—	511	—	511
Available-for-sale investments	—	—	—	—	24	—	24	—	24
Exercises of stock options	58,655	1	1,275	—	—	—	1,276	—	1,276
Shares placed in treasury	—	—	—	—	—	(29,027)	(29,027)	—	(29,027)
Stock-based compensation charges	449,275	4	2,525	—	—	—	2,529	—	2,529
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(146)	(146)
Balance March 31, 2019 (unaudited)	<u>126,379,796</u>	<u>\$ 1,264</u>	<u>\$ 119,525</u>	<u>\$ 1,198,198</u>	<u>\$ (9,316)</u>	<u>\$ (1,066,822)</u>	<u>\$ 242,849</u>	<u>\$ 25</u>	<u>\$ 242,874</u>

See accompanying notes to condensed consolidated financial statements.

**BWX TECHNOLOGIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Three Months Ended March 31,	
	2020	2019
	(Unaudited) (In thousands)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Income	\$ 75,620	\$ 49,110
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	15,614	15,122
Income of investees, net of dividends	(1,929)	(2,960)
Recognition of losses for pension and postretirement plans	777	647
Stock-based compensation expense	3,102	2,529
Other, net	283	(1,663)
Changes in assets and liabilities:		
Accounts receivable	(2,092)	5,812
Accounts payable	(21,158)	1,612
Retainages	(15,760)	(13,949)
Contracts in progress and advance billings on contracts	(35,941)	(43,735)
Income taxes	20,332	7,559
Accrued and other current liabilities	(8,073)	(10,748)
Pension liabilities, accrued postretirement benefit obligations and employee benefits	(36,761)	(25,876)
Other, net	(461)	(1,183)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(6,447)</b>	<b>(17,723)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property, plant and equipment	(64,768)	(44,519)
Acquisition of business	(16,174)	—
Purchases of securities	(1,511)	(1,786)
Sales and maturities of securities	3,680	1,800
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(78,773)</b>	<b>(44,505)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Borrowings of long-term debt	214,000	212,500
Repayments of long-term debt	(97,607)	(113,457)
Payment of debt issuance costs	(1,340)	—
Repurchases of common shares	(20,000)	(20,000)
Dividends paid to common shareholders	(18,596)	(16,797)
Exercises of stock options	1,254	823
Cash paid for shares withheld to satisfy employee taxes	(4,998)	(8,574)
Other, net	5,068	943
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>77,781</b>	<b>55,438</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES ON CASH</b>	<b>(1,419)</b>	<b>104</b>
<b>TOTAL DECREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS</b>	<b>(8,858)</b>	<b>(6,686)</b>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>92,400</b>	<b>36,408</b>
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 83,542</b>	<b>\$ 29,722</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the period for:		
Interest	\$ 14,668	\$ 14,767
Income taxes (net of refunds)	\$ 1,327	\$ 6,191
<b>SCHEDULE OF NON-CASH INVESTING ACTIVITY:</b>		
Accrued capital expenditures included in accounts payable	\$ 15,433	\$ 11,249

See accompanying notes to condensed consolidated financial statements.



**BWX TECHNOLOGIES, INC.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**  
**(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, 2019 (our "2019 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, 2020 and for the three months ended March 31, 2020. 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 Power Group and Nuclear Services Group. Our reportable segments are further described as follows:

- Our Nuclear Operations Group segment manufactures naval nuclear reactors for the U.S. Naval Nuclear Propulsion Program for use in 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 Power Group segment fabricates commercial nuclear 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 and supplies nuclear-grade materials and precisely machined components for nuclear utility customers. BWXT has supplied the nuclear industry with more than 1,300 large, heavy components worldwide and is the only commercial heavy nuclear component 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. This segment is also a leading global manufacturer and supplier of critical medical radioisotopes and radiopharmaceuticals for research, diagnostic and therapeutic uses.
- 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 is also engaged in inspection and maintenance services for the commercial nuclear industry primarily in the U.S. These services include steam generator, heat exchanger and balance of plant inspection and servicing as well as high pressure water lancing, non-destructive examination and the development of customized tooling solutions. This segment also offers complete advanced nuclear fuel and reactor design and engineering, licensing and manufacturing services for new advanced nuclear reactors and other nuclear technologies.

See Note 9 for financial information about our segments. Operating results for the three months ended March 31, 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2020. For further information, refer to the consolidated financial statements and notes included in our 2019 10-K.

### **Recently Adopted Accounting Standards**

On January 1, 2020, we adopted the update to the Financial Accounting Standards Board ("FASB") Topic *Financial Instruments – Credit Losses*. This update requires entities to recognize expected credit losses immediately in the financial statements. We considered our customer base, credit loss history and expected loss rate in our evaluation of expected credit losses. The adoption of the provisions in this update did not have an impact on our financial position, results of operations or cash flows.

On January 1, 2020, we adopted the update to the FASB Topic *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. This update simplifies the accounting for goodwill impairment by eliminating the second step from the goodwill impairment test. Goodwill impairment will now be determined by comparing the fair value of a reporting unit with its carrying amount. The adoption of the provisions in this update did not have an impact on our financial position, results of operations or cash flows.

In December 2019, the FASB issued an update to the FASB Topic *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*. This update simplifies various aspects related to the accounting for income taxes by eliminating certain exceptions to the general principles in Topic 740, simplifies when companies recognize deferred taxes in an interim period and clarifies certain aspects of the current guidance to promote consistent application. We elected to early adopt this update effective January 1, 2020, which did not have a material impact on our financial position, results of operations or cash flows.

### **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 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. 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 and certain medical radioisotopes and radiopharmaceuticals 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.

### **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 the changes in our mix of income within these jurisdictions, can contribute to shifts in our effective tax rate from period to period.

Our effective tax rate for the three months ended March 31, 2020 was 23.2% as compared to 21.9% for the three months ended March 31, 2019. The effective tax rates for the three months ended March 31, 2020 and 2019 were 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 rates for the three months ended March 31, 2020 and 2019 were

favorably impacted by benefits recognized for excess tax benefits related to employee share-based payments of \$0.7 million and \$1.7 million, respectively.

As of March 31, 2020, we had gross unrecognized tax benefits of \$3.9 million (exclusive of interest and federal and state benefits), all of which would reduce our effective tax rate if recognized.

#### **Cash and Cash Equivalents and Restricted Cash and Cash Equivalents**

At March 31, 2020, we had restricted cash and cash equivalents totaling \$5.9 million, \$2.8 million of which was held for future decommissioning of facilities (which is included in Other Assets on our condensed consolidated balance sheets) and \$3.1 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 on our condensed consolidated balance sheets to the totals presented on our condensed consolidated statement of cash flows:

	March 31, 2020	December 31, 2019
	(In thousands)	
Cash and cash equivalents	\$ 77,627	\$ 86,540
Restricted cash and cash equivalents	3,066	3,056
Restricted cash and cash equivalents included in Other Assets	2,849	2,804
Total cash and cash equivalents and restricted cash and cash equivalents as presented on our condensed consolidated statement of cash flows	<u>\$ 83,542</u>	<u>\$ 92,400</u>

#### **Inventories**

At March 31, 2020 and December 31, 2019, Other current assets included inventories totaling \$11.6 million and \$17.1 million, respectively, consisting entirely of raw materials and supplies.

#### **Assets Held for Sale**

During the three months ended March 31, 2020, we committed to a plan to sell net assets totaling \$18.3 million, which primarily consists of property, plant and equipment. As we believe the fair value less costs to sell for these assets held for sale exceeds their carrying amount, no adjustment to their carrying value has been recorded in the three months ended March 31, 2020.

#### **Property, Plant and Equipment, Net**

Property, plant and equipment, net is stated at cost and is set forth below:

	March 31, 2020	December 31, 2019
	(In thousands)	
Land	\$ 9,338	\$ 8,919
Buildings	233,544	221,462
Machinery and equipment	761,300	775,997
Property under construction	271,152	265,715
	<u>1,275,334</u>	<u>1,272,093</u>
Less: Accumulated depreciation	681,177	691,852
Property, Plant and Equipment, Net	<u>\$ 594,157</u>	<u>\$ 580,241</u>

### Accumulated Other Comprehensive Income (Loss)

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

	March 31, 2020	December 31, 2019
	(In thousands)	
Currency translation adjustments	\$ (3,171)	\$ 8,769
Net unrealized gain on derivative financial instruments	797	64
Unrecognized prior service cost on benefit obligations	(16,004)	(16,614)
Net unrealized gain (loss) on available-for-sale investments	(267)	333
Accumulated other comprehensive income (loss)	<u>\$ (18,645)</u>	<u>\$ (7,448)</u>

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

	Three Months Ended March 31,		
	2020	2019	
Accumulated Other Comprehensive Income (Loss) Component Recognized	(In thousands)		Line Item Presented
Realized gain (loss) on derivative financial instruments	\$ (1)	\$ (12)	Revenues
	(557)	202	Cost of operations
	(558)	190	Total before tax
	138	(49)	Provision for Income Taxes
	<u>\$ (420)</u>	<u>\$ 141</u>	Net Income
Amortization of prior service cost on benefit obligations	\$ (777)	\$ (647)	Other – net
	167	136	Provision for Income Taxes
	<u>\$ (610)</u>	<u>\$ (511)</u>	Net Income
Total reclassification for the period	<u>\$ (1,030)</u>	<u>\$ (370)</u>	

### 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 to hedge our exposure associated with revenues or costs on our long-term contracts and other transactions 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. The gain or loss on a derivative instrument not designated as a hedging instrument is immediately recognized in earnings. Gains and losses on derivative financial instruments that require immediate recognition are included as a component of Other – net on our condensed consolidated statements of income.

We have designated the majority 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 primarily 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, 2020, we had deferred approximately \$0.8 million of net gains on these derivative financial instruments. Assuming market conditions continue, we expect to recognize the majority of this amount in the next 12 months. For the three months ended March 31, 2020 and 2019, we recognized gains of \$5.2 million and \$1.6 million, respectively, in Other – net on our condensed consolidated statements of income associated with FX forward contracts not designated as hedges.

At March 31, 2020, our derivative financial instruments consisted of FX forward contracts with a total notional value of \$118.2 million with maturities extending to December 2021. These instruments consist primarily of FX forward contracts to purchase or sell Canadian dollars and Euros. 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. Our counterparties to derivative financial instruments have the benefit of the same collateral arrangements and covenants as described under our credit facility.

## NOTE 2 – ACQUISITIONS

### *Laker Energy Products Ltd.*

On January 2, 2020, our subsidiary BWXT Canada Ltd. acquired Laker Energy Products Ltd. ("Laker Energy Products") for CAD 21.1 million (\$16.2 million U.S. dollar equivalent), subject to contingent consideration of up to an additional CAD 12.0 million. Our preliminary purchase price allocation resulted in the recognition of \$8.3 million of Property, Plant and Equipment, Net, \$6.4 million of Intangible Assets and \$3.5 million of Goodwill. In addition, we recognized right of use assets and lease liabilities of \$2.7 million. Laker Energy Products is a global supplier of nuclear-grade materials and precisely machined components for CANDU nuclear power utilities and employs approximately 140 personnel. Laker Energy Products is reported as part of our Nuclear Power Group segment.

## NOTE 3 – REVENUE RECOGNITION

### *Disaggregated Revenues*

Revenues by geographical area and customer type were as follows:

	Three Months Ended March 31, 2020				Three Months Ended March 31, 2019			
	Nuclear Operations Group	Nuclear Power Group	Nuclear Services Group	Total	Nuclear Operations Group	Nuclear Power Group	Nuclear Services Group	Total
(In thousands)								
<i>United States:</i>								
Government	\$ 401,066	\$ —	\$ 24,596	\$ 425,662	\$ 297,303	\$ —	\$ 24,451	\$ 321,754
Non-Government	20,841	9,608	11,209	41,658	5,338	9,162	4,353	18,853
	<u>\$ 421,907</u>	<u>\$ 9,608</u>	<u>\$ 35,805</u>	<u>\$ 467,320</u>	<u>\$ 302,641</u>	<u>\$ 9,162</u>	<u>\$ 28,804</u>	<u>\$ 340,607</u>
<i>Canada:</i>								
Non-Government	\$ —	\$ 74,527	\$ 960	\$ 75,487	\$ —	\$ 68,611	\$ 290	\$ 68,901
<i>Other:</i>								
Non-Government	\$ 1,868	\$ 3,782	\$ —	\$ 5,650	\$ 2,160	\$ 6,626	\$ —	\$ 8,786
Segment Revenues	<u>\$ 423,775</u>	<u>\$ 87,917</u>	<u>\$ 36,765</u>	<u>548,457</u>	<u>\$ 304,801</u>	<u>\$ 84,399</u>	<u>\$ 29,094</u>	<u>418,294</u>
Adjustments and Eliminations				(6,249)				(1,840)
Revenues				<u>\$ 542,208</u>				<u>\$ 416,454</u>

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

	Three Months Ended March 31, 2020				Three Months Ended March 31, 2019			
	Nuclear Operations Group	Nuclear Power Group	Nuclear Services Group	Total	Nuclear Operations Group	Nuclear Power Group	Nuclear Services Group	Total
(In thousands)								
Over time	\$ 423,739	\$ 77,185	\$ 36,765	\$ 537,689	\$ 304,733	\$ 70,661	\$ 29,094	\$ 404,488
Point-in-time	36	10,732	—	10,768	68	13,738	—	13,806
Segment Revenues	<u>\$ 423,775</u>	<u>\$ 87,917</u>	<u>\$ 36,765</u>	<u>548,457</u>	<u>\$ 304,801</u>	<u>\$ 84,399</u>	<u>\$ 29,094</u>	<u>418,294</u>
Adjustments and Eliminations				(6,249)				(1,840)
Revenues				<u>\$ 542,208</u>				<u>\$ 416,454</u>

Revenues by contract type were as follows:

	Three Months Ended March 31, 2020				Three Months Ended March 31, 2019			
	Nuclear Operations Group	Nuclear Power Group	Nuclear Services Group	Total	Nuclear Operations Group	Nuclear Power Group	Nuclear Services Group	Total
(In thousands)								
Fixed-Price Incentive Fee	\$ 284,374	\$ 492	\$ —	\$ 284,866	\$ 245,487	\$ 273	\$ —	\$ 245,760
Firm-Fixed-Price	113,337	70,836	11,637	195,810	39,343	61,998	6,168	107,509
Cost-Plus Fee	25,996	—	22,493	48,489	19,853	—	22,535	42,388
Time-and-Materials	68	16,589	2,635	19,292	118	22,128	391	22,637
Segment Revenues	<u>\$ 423,775</u>	<u>\$ 87,917</u>	<u>\$ 36,765</u>	<u>548,457</u>	<u>\$ 304,801</u>	<u>\$ 84,399</u>	<u>\$ 29,094</u>	<u>418,294</u>
Adjustments and Eliminations				(6,249)				(1,840)
Revenues				<u>\$ 542,208</u>				<u>\$ 416,454</u>

### 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 revenues and/or costs of contracts. During the three months ended March 31, 2020 and 2019, we recognized net favorable changes in estimates that resulted in increases in revenues of \$9.6 million and \$4.8 million, respectively.

### 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 recognized over time. Amounts that are withheld on our fixed-price incentive fee contracts are classified within Retainages. Certain of these amounts require conditions other than the passage of time to be achieved, with the remaining amounts only requiring the passage of 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, 2020, our unbilled receivables increased \$32.1 million primarily as a result of the timing of milestone billings on certain firm-fixed-price contracts 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. Retainages also vary as a result of timing differences between incurring costs and achieving milestones that allow us to recover these amounts.

	March 31,	December 31,
	2020	2019
(In thousands)		
Included in Contracts in progress:		
Unbilled receivables	\$ 397,925	\$ 365,861
Retainages	\$ 62,385	\$ 46,670
Included in Other Assets:		
Retainages	\$ 1,457	\$ 1,412
Advance billings on contracts	\$ 80,065	\$ 75,425

During the three months ended March 31, 2020 and 2019, we recognized \$30.2 million and \$33.8 million of revenues that were in Advance billings on contracts at December 31, 2019 and 2018, respectively.

### 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, 2020 remaining performance obligations on our contracts with customers, we expect to recognize revenues as follows:

	2020	2021	Thereafter	Total
	(In approximate millions)			
Nuclear Operations Group	\$ 1,116	\$ 1,043	\$ 2,123	\$ 4,282
Nuclear Power Group	183	183	412	778
Nuclear Services Group	34	6	11	51
Total Remaining Performance Obligations	\$ 1,333	\$ 1,232	\$ 2,546	\$ 5,111

### NOTE 4 – LONG-TERM DEBT

Our Long-Term Debt consists of the following:

	March 31, 2020	December 31, 2019
	(In thousands)	
Secured Debt:		
Senior Notes	\$ 400,000	\$ 400,000
Credit Facility	534,115	432,159
Less: Amounts due within one year	13,924	14,711
Long-Term Debt, gross	920,191	817,448
Less: Deferred debt issuance costs	8,879	8,006
Long-Term Debt	\$ 911,312	\$ 809,442

Maturities of long-term debt subsequent to March 31, 2020 are as follows: 2020 – \$10.4 million; 2021 – \$13.9 million; 2022 – \$13.9 million; 2023 – \$215.8 million; 2024 – \$0.0 million; 2025 – \$280.0 million; and thereafter – \$400.0 million.

### Credit Facility

On March 24, 2020, we entered into an Amendment No. 1 to Credit Agreement (the "Amendment"), which amended the Credit Agreement dated May 24, 2018 (the "Credit Facility") with Wells Fargo Bank, N.A., as administrative agent, and the other lenders party thereto. The Credit Facility originally provided for a \$500 million senior secured revolving credit facility (the "Revolving Credit Facility"), a \$50 million U.S. dollar senior secured term loan A made available to the Company (the "USD Term Loan") and a \$250 million (U.S. dollar equivalent) Canadian dollar senior secured term loan A made available to BWXT Canada Ltd. (the "CAD Term Loan" and together with the USD Term Loan, the "Term Loans").

The Amendment, among other things, (1) provided additional commitments to increase the Revolving Credit Facility by \$250 million, such that the Revolving Credit Facility is now \$750 million; (2) extended the maturity date of the Revolving Credit Facility to March 24, 2025; (3) removed BWXT Canada Ltd. as a borrower under the Revolving Credit Facility; (4) modified the applicable margin for borrowings under the Revolving Credit Facility to be, at the Company's option, either (i) the Eurocurrency rate plus a margin ranging from 1.0% to 1.75% per year or (ii) the base rate plus a margin ranging from 0.0% to 0.75% per year, in each case depending on the Company's leverage ratio; (5) modified the commitment fee on the unused portion of the Revolving Credit Facility to range from 0.15% to 0.225% per year, depending on the Company's leverage ratio; and (6) modified the letter of credit fee with respect to each financial letter of credit and performance letter of credit issued under the Revolving Credit Facility to range from 1.0% to 1.75% and 0.75% to 1.05% per year, respectively, in each case, depending on the Company's leverage ratio.

The Term Loans are scheduled to mature on May 24, 2023, and all obligations under the Revolving Credit Facility are scheduled to mature on March 24, 2025. The proceeds of loans under the Revolving Credit Facility are available for working capital needs, permitted acquisitions and other general corporate purposes.

The Credit Facility allows for additional parties to become lenders and, subject to certain conditions, for the increase of the commitments under the Credit Facility, subject to an aggregate maximum for all additional commitments of (1) the greater of (a) \$250 million and (b) 65% of EBITDA, as defined in the Credit Facility, for the last four full fiscal quarters, plus (2) all

voluntary prepayments of the Term Loans, plus (3) additional amounts provided the Company is in compliance with a pro forma first lien leverage ratio test of less than or equal to 2.50 to 1.00.

The Company's obligations under the Credit Facility are guaranteed, subject to certain exceptions, by substantially all of the Company's present and future wholly owned domestic restricted subsidiaries. The obligations of BWXT Canada Ltd. under the CAD Term Loan are guaranteed, subject to certain exceptions, by substantially all of the Company's present and future wholly owned Canadian and domestic restricted subsidiaries.

The Credit Facility is secured by first-priority liens on certain assets owned by the Company and its subsidiary guarantors (other than its subsidiaries comprising its Nuclear Operations Group segment and a portion of its Nuclear Services Group segment); provided that (1) the Company's domestic obligations are only secured by assets and property of the domestic loan parties and (2) the obligations of BWXT Canada Ltd. and the Canadian guarantors are secured by assets and property of the Canadian guarantors and the domestic loan parties.

The Credit Facility requires interest payments on revolving loans on a periodic basis until maturity. We began making quarterly amortization payments on the Term Loans in amounts equal to 1.25% of the initial aggregate principal amount of each loan in the third quarter of 2018. We may prepay all loans under the Credit Facility at any time without premium or penalty (other than customary Eurocurrency breakage costs), subject to notice requirements.

The Credit Facility 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 4.00 to 1.00, which may be increased to 4.50 to 1.00 for up to four consecutive fiscal quarters after a material acquisition. The minimum consolidated interest coverage ratio is 3.00 to 1.00. In addition, the Credit Facility contains various restrictive covenants, including with respect to debt, liens, investments, mergers, acquisitions, dividends, equity repurchases and asset sales. As of March 31, 2020, we were in compliance with all covenants set forth in the Credit Facility.

The Term Loans bear interest at our option at either (1) the Eurocurrency rate plus a margin ranging from 1.25% to 2.0% per year or (2) the base rate or Canadian index rate, as applicable (described in the Credit Facility as the highest of (a) with respect to the base rate only, the federal funds rate plus 0.5%, (b) the one-month Eurocurrency rate plus 1.0% and (c) the administrative agent's prime rate or the Canadian prime rate, as applicable), plus, in each case, a margin ranging from 0.25% to 1.0% per year. Outstanding loans under the Revolving Credit Facility bear interest at our option at either (1) the Eurocurrency rate plus a margin ranging from 1.0% to 1.75% per year or (2) the base rate plus a margin ranging from 0.0% to 0.75% per year. We are charged a commitment fee on the unused portion of the Revolving Credit Facility, and that fee ranges from 0.15% to 0.225% per year. Additionally, we are charged a letter of credit fee of between 1.0% and 1.75% per year with respect to the amount of each financial letter of credit issued under the Credit Facility, and a letter of credit fee of between 0.75% and 1.05% per year with respect to the amount of each performance letter of credit issued under the Credit Facility. 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, 2020, the margin for Eurocurrency rate and base rate or Canadian index rate term loans was 1.375% and 0.375%, respectively, the margin for Eurocurrency rate and base rate revolving loans was 1.25% and 0.25%, respectively, the letter of credit fee for financial letters of credit and performance letters of credit was 1.25% and 0.825%, respectively, and the commitment fee for the unused portion of the Revolving Credit Facility was 0.175%.

As of March 31, 2020, borrowings outstanding totaled \$254.1 million and \$280.0 million under the Term Loans and Revolving Credit Facility, respectively, and letters of credit issued under the Revolving Credit Facility totaled \$65.7 million. As a result, we had \$404.3 million available under the Revolving Credit Facility for borrowings or to meet letter of credit requirements as of March 31, 2020. As of March 31, 2020, the weighted-average interest rate on outstanding borrowings under our Credit Facility was 2.40%.

The Credit Facility generally includes customary events of default for a secured credit facility. Under the Credit Facility, (1) if an event of default relating to bankruptcy or other insolvency events occurs with respect to the Company, all related obligations will immediately become due and payable; (2) if any other event of default exists, the lenders will be permitted to accelerate the maturity of the related obligations outstanding; and (3) if any event of default exists, 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 Credit Facility, or if we are unable to make any of the representations and warranties in the Credit Facility, we will be unable to borrow funds or have letters of credit issued under the Credit Facility.



**NOTE 5 – 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, 2020 and 2019, these amounts were \$3.0 million and \$2.6 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, 2020 and 2019, these amounts were \$(9.5) million and \$(5.2) million, respectively. Components of net periodic benefit cost included in net income were as follows:

	Pension Benefits Three Months Ended March 31,		Other Benefits Three Months Ended March 31,	
	2020	2019	2020	2019
	(In thousands)			
Service cost	\$ 2,819	\$ 2,456	\$ 166	\$ 145
Interest cost	9,302	11,592	410	585
Expected return on plan assets	(19,364)	(17,436)	(672)	(627)
Amortization of prior service cost (credit)	825	725	(48)	(78)
Net periodic benefit (income) cost	<u>\$ (6,418)</u>	<u>\$ (2,663)</u>	<u>\$ (144)</u>	<u>\$ 25</u>

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

There were no material contingencies during the period covered by this Form 10-Q. For more information regarding commitments and contingencies, refer to Note 10 to the consolidated financial statements in Part II of our 2019 10-K.

**NOTE 7 – FAIR VALUE MEASUREMENTS**
**Investments**

The following is a summary of our investments measured at fair value at March 31, 2020:

	Total	Level 1	Level 2	Level 3
	(In thousands)			
<u>Equity securities</u>				
Mutual funds	\$ 4,962	\$ —	\$ 4,962	\$ —
<u>Available-for-sale securities</u>				
U.S. Government and agency securities	2,315	2,315	—	—
Corporate bonds	2,650	1,271	1,379	—
Asset-backed securities and collateralized mortgage obligations	58	—	58	—
Total	<u>\$ 9,985</u>	<u>\$ 3,586</u>	<u>\$ 6,399</u>	<u>\$ —</u>

The following is a summary of our investments measured at fair value at December 31, 2019:

	Total	Level 1	Level 2	Level 3
	(In thousands)			
<u>Equity securities</u>				
Equities	\$ 2,172	\$ —	\$ 2,172	\$ —
Mutual funds	5,685	—	5,685	—
<u>Available-for-sale securities</u>				
U.S. Government and agency securities	2,044	2,044	—	—
Corporate bonds	3,483	1,855	1,628	—
Asset-backed securities and collateralized mortgage obligations	79	—	79	—
Total	<u>\$ 13,463</u>	<u>\$ 3,899</u>	<u>\$ 9,564</u>	<u>\$ —</u>

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, 2020 and December 31, 2019, we had forward contracts outstanding to purchase or sell foreign currencies, primarily Canadian dollars and Euros, with a total fair value of \$0.3 million and \$(0.8) 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, including our 5.375% senior notes due 2026 (the "Senior Notes"), 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. At March 31, 2020 and December 31, 2019, the fair value of our Senior Notes was \$389.5 million and \$423.5 million, respectively. The fair value of our remaining debt instruments approximated their carrying values at March 31, 2020 and December 31, 2019.

### **NOTE 8 – STOCK-BASED COMPENSATION**

Stock-based compensation recognized for all of our plans for the three months ended March 31, 2020 and 2019 totaled \$2.6 million and \$3.6 million, respectively, with associated tax benefit totaling \$0.4 million and \$0.6 million, respectively.

**NOTE 9 – 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,	
	2020	2019
(In thousands)		
<b>REVENUES:</b>		
Nuclear Operations Group	\$ 423,775	\$ 304,801
Nuclear Power Group	87,917	84,399
Nuclear Services Group	36,765	29,094
Eliminations <sup>(1)</sup>	(6,249)	(1,840)
	<u>\$ 542,208</u>	<u>\$ 416,454</u>
(1) Segment revenues are net of the following intersegment transfers:		
Nuclear Operations Group Transfers	\$ (673)	\$ (857)
Nuclear Power Group Transfers	(129)	(40)
Nuclear Services Group Transfers	(5,447)	(943)
	<u>\$ (6,249)</u>	<u>\$ (1,840)</u>
<b>OPERATING INCOME:</b>		
Nuclear Operations Group	\$ 90,359	\$ 57,625
Nuclear Power Group	8,470	12,583
Nuclear Services Group	6,400	1,571
Other	(5,359)	(6,096)
	<u>\$ 99,870</u>	<u>\$ 65,683</u>
Unallocated Corporate <sup>(2)</sup>	(1,603)	(2,039)
Total Operating Income	<u>\$ 98,267</u>	<u>\$ 63,644</u>
Other Income (Expense)	181	(767)
Income before Provision for Income Taxes	<u>\$ 98,448</u>	<u>\$ 62,877</u>

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

**NOTE 10 – EARNINGS PER SHARE**

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

	Three Months Ended March 31,	
	2020	2019
(In thousands, except share and per share amounts)		
<b>Basic:</b>		
Net Income Attributable to BWX Technologies, Inc.	\$ 75,499	\$ 48,978
Weighted-average common shares	95,412,351	95,255,109
Basic earnings per common share	\$ 0.79	\$ 0.51
<b>Diluted:</b>		
Net Income Attributable to BWX Technologies, Inc.	\$ 75,499	\$ 48,978
Weighted-average common shares (basic)	95,412,351	95,255,109
Effect of dilutive securities:		
Stock options, restricted stock units and performance shares <sup>(1)</sup>	344,021	566,245
Adjusted weighted-average common shares	<u>95,756,372</u>	<u>95,821,354</u>
Diluted earnings per common share	<u>\$ 0.79</u>	<u>\$ 0.51</u>

(1) At March 31, 2020 and 2019, we excluded 99,102 and 181,358 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, 2019 (our "2019 10-K").

In this Report, unless the context otherwise indicates, "we," "us" and "our" mean BWX Technologies, Inc. ("BWXT" or the "Company") 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. Forward-looking statements include those statements that express a belief, expectation or intention, as well as those that are not statements of historical fact, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Statements and assumptions regarding expectations and projections of specific projects, our future backlog, revenues, income and capital spending, strategic investments, acquisitions or divestitures, return of capital activities, margin improvement initiatives or impacts of the COVID-19 pandemic 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 information currently available to us and 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. For example, the extent to which the COVID-19 outbreak impacts our business will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the length and severity of the COVID-19 health crisis, and the actions to contain its impact, in addition to the potential recurrence or subsequent waves of COVID-19 or similar diseases. While our management considers these statements and assumptions to be reasonable, they are inherently subject to numerous factors, including potentially the risk factors described in the sections labeled Item 1A, "Risk Factors" of our 2019 10-K and of this Report, 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 have discussed many of these factors in more detail elsewhere in this Report, including under the heading "COVID-19 Assessment" of this Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 1A, "Risk Factors", and in Item 1A "Risk Factors" in our 2019 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 2019 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 or review any forward-looking statement or our description of important factors, whether as a result of new information, future events or otherwise, except as required by applicable laws.

### GENERAL

We operate in three reportable segments: Nuclear Operations Group, Nuclear Power Group and Nuclear Services 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 generated from operations 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 Power Group***

Through this segment, we design and manufacture commercial nuclear steam generators, heat exchangers, pressure vessels, reactor components, as well as 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, nuclear-grade materials and precisely machined components, 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. Additionally, this segment is a leading global manufacturer and supplier of critical medical radioisotopes and radiopharmaceuticals.

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 and refueling outages, the cyclical nature of capital expenditures and major refurbishment and life extension projects, as well as the demand for nuclear fuel and fuel handling equipment primarily in the Canadian market, which could cause variability in our financial results.

### ***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 steam generator, heat exchanger and balance of plant inspection and servicing as well as 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 nuclear fuel and reactor design and engineering, licensing and manufacturing services for new advanced nuclear reactors.

### ***Acquisition of Laker Energy Products Ltd.***

On January 2, 2020, our subsidiary BWXT Canada Ltd. acquired Laker Energy Products Ltd. ("Laker Energy Products"). Laker Energy Products is a global supplier of nuclear-grade materials and precisely machined components for CANDU nuclear power utilities and employs approximately 140 personnel. Laker Energy Products is reported as part of our Nuclear Power Group segment.

### ***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 2019 10-K. There have been no material changes to our critical accounting policies during the three months ended March 31, 2020 with the exception of the adoption of Financial Accounting Standards Board ("FASB") Topic *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* as described in the notes to the condensed consolidated financial statements in Part I 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, 2020, 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 revenues and costs. A principal risk on fixed-price 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. During the three months ended March 31, 2020 and 2019, we recognized net changes in estimates related to contracts that recognize revenue over time, which increased operating income by approximately \$9.6 million and \$4.8 million, respectively.

### **COVID-19 Assessment**

A global outbreak of a novel strain of coronavirus ("COVID-19") has occurred impacting over 200 countries, including the U.S. and Canada where we maintain our principal operations. Developments have been occurring rapidly with respect to the spread of COVID-19 and its impact on human health and businesses, with new and changing government actions occurring on a daily basis. As a result, we have been closely monitoring the COVID-19 pandemic and its impacts and potential impacts on our business.

We have received notifications from the U.S. and Canadian governments designating BWXT as an essential business given our roles in national security, energy production and medical manufacturing. We continue to operate our facilities and have taken numerous precautions to mitigate exposure and protect the health and well-being of our workforce. The COVID-19 pandemic did not cause a significant disruption to our operations or our supply chain in the first quarter of 2020.

Because developments related to the spread of COVID-19 and its impacts have been occurring rapidly, it is difficult to predict any future impact at this time. We may experience material disruptions to demand for our products and services and our operations in the future as a result of, among other things, national, state, provincial or local government enforced quarantines, worker illness or absenteeism, and travel and other restrictions. For similar reasons, the COVID-19 pandemic may also adversely impact our supply chain and other manufacturers which could delay our receipt of essential goods and services. For example, certain services scheduled during nuclear power plant outages during which our Nuclear Power Group and Nuclear Services Group segments would operate have been rescheduled. We have also experienced delays in the bidding and contracting process for our U.S. Government businesses due to COVID-19 concerns. Any number of these potential risks could have a material adverse effect on our financial condition, results of operations and cash flows. The extent to which the COVID-19 outbreak impacts our business will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus and the actions to contain its impact.

See Item 1A "Risk Factors" in this Quarterly Report on Form 10-Q for an additional discussion of risks of the COVID-19 pandemic on our business.

**RESULTS OF OPERATIONS – THREE MONTHS ENDED MARCH 31, 2020 VS. THREE MONTHS ENDED MARCH 31, 2019**

Selected financial highlights are presented in the table below:

	Three Months Ended March 31,		
	2020	2019	\$ Change
(In thousands)			
<b>REVENUES:</b>			
Nuclear Operations Group	\$ 423,775	\$ 304,801	\$ 118,974
Nuclear Power Group	87,917	84,399	3,518
Nuclear Services Group	36,765	29,094	7,671
Eliminations	(6,249)	(1,840)	(4,409)
	\$ 542,208	\$ 416,454	\$ 125,754
<b>OPERATING INCOME:</b>			
Nuclear Operations Group	\$ 90,359	\$ 57,625	\$ 32,734
Nuclear Power Group	8,470	12,583	(4,113)
Nuclear Services Group	6,400	1,571	4,829
Other	(5,359)	(6,096)	737
	\$ 99,870	\$ 65,683	\$ 34,187
Unallocated Corporate	(1,603)	(2,039)	436
Total Operating Income	\$ 98,267	\$ 63,644	\$ 34,623

Consolidated Results of Operations

Consolidated revenues increased 30.2%, or \$125.8 million, to \$542.2 million in the three months ended March 31, 2020 compared to \$416.5 million for the corresponding period in 2019, due to increases in revenues from our Nuclear Operations Group, Nuclear Power Group and Nuclear Services Group segments totaling \$119.0 million, \$3.5 million and \$7.7 million, respectively.

Consolidated operating income increased \$34.6 million to \$98.3 million in the three months ended March 31, 2020 compared to \$63.6 million for the corresponding period of 2019. Operating income in our Nuclear Operations Group, Nuclear Services Group and Other segments increased by \$32.7 million, \$4.8 million, and \$0.7 million, respectively. In addition, we experienced lower Unallocated Corporate expenses of \$0.4 million when compared to the corresponding period of 2019. These increases were partially offset by a decrease in operating income in our Nuclear Power Group segment of \$4.1 million.

Nuclear Operations Group

	Three Months Ended March 31,		
	2020	2019	\$ Change
(In thousands)			
Revenues	\$ 423,775	\$ 304,801	\$ 118,974
Operating Income	\$ 90,359	\$ 57,625	\$ 32,734
% of Revenues	21.3%	18.9%	

Revenues increased 39.0%, or \$119.0 million, to \$423.8 million in the three months ended March 31, 2020 compared to \$304.8 million for the corresponding period of 2019 as we continue to expand production related to the Columbia-Class nuclear propulsion system. The increase comprised additional volume in the manufacture of nuclear components for U.S. Government programs and the timing of the procurement of certain long-lead materials when compared to the corresponding period of 2019.

Operating income increased \$32.7 million to \$90.4 million in the three months ended March 31, 2020 compared to \$57.6 million for the corresponding period of 2019. The increase was due to the operating income impact of the changes in revenue noted above as well as favorable contract adjustments related to our naval nuclear fuel operations.

Nuclear Power Group

	Three Months Ended March 31,		
	2020	2019	\$ Change
(In thousands)			
Revenues	\$ 87,917	\$ 84,399	\$ 3,518
Operating Income	\$ 8,470	\$ 12,583	\$ (4,113)
% of Revenues	9.6%	14.9%	

Revenues increased 4.2%, or \$3.5 million, to \$87.9 million in the three months ended March 31, 2020 compared to \$84.4 million for the corresponding period of 2019. The increase was primarily related to higher revenues in our nuclear components business of \$9.5 million largely attributable to increased activity associated with a major steam generator design and supply contract as well as the Laker Energy Products acquisition. These increases were partially offset by lower levels of in-plant inspection, maintenance and modification services when compared to the same period in the prior year.

Operating income decreased \$4.1 million to \$8.5 million in the three months ended March 31, 2020 compared to \$12.6 million for the corresponding period of 2019, primarily attributable to a decline in operating margins as a result of a shift in our product line mix when compared to the same period in the prior year.

Nuclear Services Group

	Three Months Ended March 31,		
	2020	2019	\$ Change
(In thousands)			
Revenues	\$ 36,765	\$ 29,094	\$ 7,671
Operating Income	\$ 6,400	\$ 1,571	\$ 4,829
% of Revenues	17.4%	5.4%	

Revenues increased 26.4%, or \$7.7 million, to \$36.8 million in the three months ended March 31, 2020 compared to \$29.1 million for the corresponding period of 2019. The increase was primarily attributable to an increase in the volume of commercial nuclear inspection and maintenance outage work in the U.S. when compared to the same period in the prior year.

Operating income increased \$4.8 million to \$6.4 million in the three months ended March 31, 2020 compared to \$1.6 million for the corresponding period of 2019 due to the operating income impact of the changes in revenue noted above.

Other

	Three Months Ended March 31,		
	2020	2019	\$ Change
(In thousands)			
Operating Income	\$ (5,359)	\$ (6,096)	\$ 737

Operating income increased \$0.7 million in the three months ended March 31, 2020, primarily due to a decrease in research and development related activities related to our medical and industrial radioisotope capabilities and other advanced technologies when compared to the corresponding period of the prior year.

Unallocated Corporate

Unallocated corporate expenses decreased \$0.4 million in the three months ended March 31, 2020, primarily due to a decrease in costs associated with benefits programs when compared to the same period in the prior year which was partially offset by an increase in legal and consulting costs associated with due diligence activities conducted in the current year.



### Provision for Income Taxes

	Three Months Ended March 31,		
	2020	2019	\$ Change
	(In thousands)		
Income before Provision for Income Taxes	\$ 98,448	\$ 62,877	\$ 35,571
Provision for Income Taxes	\$ 22,828	\$ 13,767	\$ 9,061
Effective Tax Rate	23.2%	21.9%	

We primarily operate in the U.S. and Canada, and we recognize our U.S. income tax provision based on the U.S. federal statutory rate of 21% and our Canadian tax provision based on the Canadian local statutory rate of approximately 25%.

Our effective tax rate for the three months ended March 31, 2020 was 23.2% as compared to 21.9% for the three months ended March 31, 2019. The effective tax rates for the three months ended March 31, 2020 and 2019 were 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 rates for the three months ended March 31, 2020 and 2019 were favorably impacted by benefits recognized for excess tax benefits related to employee share-based payments of \$0.7 million and \$1.7 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 3 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, 2020	December 31, 2019
	(In approximate millions)	
Nuclear Operations Group	\$ 4,282	\$ 4,515
Nuclear Power Group	778	730
Nuclear Services Group	51	43
Total Backlog	\$ 5,111	\$ 5,288

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, 2020 backlog, we expect to recognize revenues as follows:

	2020	2021	Thereafter	Total
(In approximate millions)				
Nuclear Operations Group	\$ 1,116	\$ 1,043	\$ 2,123	\$ 4,282
Nuclear Power Group	183	183	412	778
Nuclear Services Group	34	6	11	51
Total Backlog	<u>\$ 1,333</u>	<u>\$ 1,232</u>	<u>\$ 2,546</u>	<u>\$ 5,111</u>

At March 31, 2020, Nuclear Operations Group backlog with the U.S. Government was \$3,835.2 million, \$429.2 million of which had not yet been funded.

At March 31, 2020, Nuclear Power Group had no backlog with the U.S. Government.

At March 31, 2020, Nuclear Services Group backlog with the U.S. Government was \$27.5 million, all of which was funded.

Major new awards from the U.S. Government are typically received following Congressional approval of the budget for the U.S. 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 2019, we received awards from the U.S. Government with a combined value in excess of \$3.9 billion, inclusive of unexercised options, approximately \$2.9 billion of which had been added to backlog as of March 31, 2020. The value of unexercised options excluded from backlog as of March 31, 2020 was approximately \$1.0 billion, which is expected to be exercised through 2025, subject to annual Congressional appropriations.

## Liquidity and Capital Resources

### *Credit Facility*

On March 24, 2020, we entered into an Amendment No. 1 to Credit Agreement (the "Amendment"), which amended the Credit Agreement dated May 24, 2018 (the "Credit Facility") with Wells Fargo Bank, N.A., as administrative agent, and the other lenders party thereto. The Credit Facility originally provided for a \$500 million senior secured revolving credit facility (the "Revolving Credit Facility"), a \$50 million U.S. dollar senior secured term loan A made available to the Company (the "USD Term Loan") and a \$250 million (U.S. dollar equivalent) Canadian dollar senior secured term loan A made available to BWXT Canada Ltd. (the "CAD Term Loan" and together with the USD Term Loan, the "Term Loans").

The Amendment, among other things, (1) provided additional commitments to increase the Revolving Credit Facility by \$250 million, such that the Revolving Credit Facility is now \$750 million; (2) extended the maturity date of the Revolving Credit Facility to March 24, 2025; (3) removed BWXT Canada Ltd. as a borrower under the Revolving Credit Facility; (4) modified the applicable margin for borrowings under the Revolving Credit Facility to be, at the Company's option, either (i) the Eurocurrency rate plus a margin ranging from 1.0% to 1.75% per year or (ii) the base rate plus a margin ranging from 0.0% to 0.75% per year, in each case depending on the Company's leverage ratio; (5) modified the commitment fee on the unused portion of the Revolving Credit Facility to range from 0.15% to 0.225% per year, depending on the Company's leverage ratio; and (6) modified the letter of credit fee with respect to each financial letter of credit and performance letter of credit issued under the Revolving Credit Facility to range from 1.0% to 1.75% and 0.75% to 1.05% per year, respectively, in each case, depending on the Company's leverage ratio.

The Term Loans are scheduled to mature on May 24, 2023, and all obligations under the Revolving Credit Facility are scheduled to mature on March 24, 2025. The proceeds of loans under the Revolving Credit Facility are available for working capital needs, permitted acquisitions and other general corporate purposes.

The Credit Facility allows for additional parties to become lenders and, subject to certain conditions, for the increase of the commitments under the Credit Facility, subject to an aggregate maximum for all additional commitments of (1) the greater of (a) \$250 million and (b) 65% of EBITDA, as defined in the Credit Facility, for the last four full fiscal quarters, plus (2) all voluntary prepayments of the Term Loans, plus (3) additional amounts provided the Company is in compliance with a pro forma first lien leverage ratio test of less than or equal to 2.50 to 1.00.

The Company's obligations under the Credit Facility are guaranteed, subject to certain exceptions, by substantially all of the Company's present and future wholly owned domestic restricted subsidiaries. The obligations of BWXT Canada Ltd. under

the CAD Term Loan are guaranteed, subject to certain exceptions, by substantially all of the Company's present and future wholly owned Canadian and domestic restricted subsidiaries.

The Credit Facility is secured by first-priority liens on certain assets owned by the Company and its subsidiary guarantors (other than its subsidiaries comprising its Nuclear Operations Group segment and a portion of its Nuclear Services Group segment); provided that (1) the Company's domestic obligations are only secured by assets and property of the domestic loan parties and (2) the obligations of BWXT Canada Ltd. and the Canadian guarantors are secured by assets and property of the Canadian guarantors and the domestic loan parties.

The Credit Facility requires interest payments on revolving loans on a periodic basis until maturity. We began making quarterly amortization payments on the Term Loans in amounts equal to 1.25% of the initial aggregate principal amount of each loan in the third quarter of 2018. We may prepay all loans under the Credit Facility at any time without premium or penalty (other than customary Eurocurrency breakage costs), subject to notice requirements.

The Credit Facility 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 4.00 to 1.00, which may be increased to 4.50 to 1.00 for up to four consecutive fiscal quarters after a material acquisition. The minimum consolidated interest coverage ratio is 3.00 to 1.00. In addition, the Credit Facility contains various restrictive covenants, including with respect to debt, liens, investments, mergers, acquisitions, dividends, equity repurchases and asset sales. As of March 31, 2020, we were in compliance with all covenants set forth in the Credit Facility.

The Term Loans bear interest at our option at either (1) the Eurocurrency rate plus a margin ranging from 1.25% to 2.0% per year or (2) the base rate or Canadian index rate, as applicable (described in the Credit Facility as the highest of (a) with respect to the base rate only, the federal funds rate plus 0.5%, (b) the one-month Eurocurrency rate plus 1.0% and (c) the administrative agent's prime rate or the Canadian prime rate, as applicable), plus, in each case, a margin ranging from 0.25% to 1.0% per year. Outstanding loans under the Revolving Credit Facility bear interest at our option at either (1) the Eurocurrency rate plus a margin ranging from 1.0% to 1.75% per year or (2) the base rate plus a margin ranging from 0.0% to 0.75% per year. We are charged a commitment fee on the unused portion of the Revolving Credit Facility, and that fee ranges from 0.15% to 0.225% per year. Additionally, we are charged a letter of credit fee of between 1.0% and 1.75% per year with respect to the amount of each financial letter of credit issued under the Credit Facility, and a letter of credit fee of between 0.75% and 1.05% per year with respect to the amount of each performance letter of credit issued under the Credit Facility. 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, 2020, the margin for Eurocurrency rate and base rate or Canadian index rate term loans was 1.375% and 0.375%, respectively, the margin for Eurocurrency rate and base rate revolving loans was 1.25% and 0.25%, respectively, the letter of credit fee for financial letters of credit and performance letters of credit was 1.25% and 0.825%, respectively, and the commitment fee for the unused portion of the Revolving Credit Facility was 0.175%.

As of March 31, 2020, borrowings outstanding totaled \$254.1 million and \$280.0 million under the Term Loans and Revolving Credit Facility, respectively, and letters of credit issued under the Revolving Credit Facility totaled \$65.7 million. As a result, we had \$404.3 million available under the Revolving Credit Facility for borrowings or to meet letter of credit requirements as of March 31, 2020. As of March 31, 2020, the weighted-average interest rate on outstanding borrowings under our Credit Facility was 2.40%.

The Credit Facility generally includes customary events of default for a secured credit facility. Under the Credit Facility, (1) if an event of default relating to bankruptcy or other insolvency events occurs with respect to the Company, all related obligations will immediately become due and payable; (2) if any other event of default exists, the lenders will be permitted to accelerate the maturity of the related obligations outstanding; and (3) if any event of default exists, 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 Credit Facility, or if we are unable to make any of the representations and warranties in the Credit Facility, we will be unable to borrow funds or have letters of credit issued under the Credit Facility.

#### *Senior Notes*

We issued \$400.0 million aggregate principal amount of 5.375% senior notes due 2026 (the "Senior Notes") pursuant to an indenture dated May 24, 2018 (the "Indenture"), among the Company, certain of our subsidiaries, as guarantors, and U.S. Bank National Association, as trustee. The Senior Notes are guaranteed by each of the Company's present and future direct and indirect wholly owned domestic subsidiaries that is a guarantor under the Credit Facility.

Interest on the Senior Notes is payable semi-annually in cash in arrears on January 15 and July 15 of each year, which commenced on July 15, 2018, at a rate of 5.375% per annum. The Senior Notes will mature on July 15, 2026.

On and after July 15, 2021, the Company may redeem the Senior Notes, in whole or in part, at a redemption price equal to (i) 102.688% of the principal amount to be redeemed if the redemption occurs during the twelve-month period beginning on July 15, 2021, (ii) 101.344% of the principal amount to be redeemed if the redemption occurs during the twelve-month period beginning on July 15, 2022 and (iii) 100% of the principal amount to be redeemed if the redemption occurs on or after July 15, 2023, in each case plus accrued and unpaid interest, if any, to, but excluding, the redemption date. At any time prior to July 15, 2021, the Company may also redeem up to 40% of the Senior Notes with net cash proceeds of certain equity offerings at a redemption price equal to 105.375% of the principal amount of the Senior Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date. In addition, at any time prior to July 15, 2021, the Company may redeem the Senior Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Senior Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date plus an applicable "make-whole" premium.

The Indenture contains customary events of default, including, among other things, payment default, failure to comply with covenants or agreements contained in the Indenture or the Senior Notes and certain provisions related to bankruptcy events. The Indenture also contains customary negative covenants. As of March 31, 2020, we were in compliance with all covenants set forth in the Indenture and the Senior Notes.

#### *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, and the bonding facilities generally permit the surety, in its sole discretion, to terminate the facility or demand collateral. 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, 2020, bonds issued and outstanding under these arrangements totaled approximately \$72.9 million.

#### *Long-term Benefit Obligations*

As of March 31, 2020, we had underfunded defined benefit pension and postretirement benefit plans with obligations totaling approximately \$190.1 million. These long-term liabilities are expected to require use of our resources to satisfy future funding obligations. Based largely on statutory funding requirements, we expect to make contributions of approximately \$6.7 million for the remainder of 2020 related to our pension and postretirement plans. We may also make additional contributions based on a variety of factors including, but not limited to, tax planning, evaluation of funded status and risk mitigation strategies.

#### *Other*

Our domestic and foreign cash and cash equivalents, restricted cash and cash equivalents and investments as of March 31, 2020 and December 31, 2019 were as follows:

	March 31, 2020	December 31, 2019
(In thousands)		
Domestic	\$ 70,826	\$ 76,337
Foreign	22,701	29,526
Total	\$ 93,527	\$ 105,863

Our working capital increased by \$118.8 million to \$343.9 million at March 31, 2020 from \$225.0 million at December 31, 2019, primarily attributable to changes in contracts in progress, advance billings and retainages due to the timing of project cash flows and a decrease in current liabilities associated with the timing of vendor payments and the payment of accrued incentives during the three months ended March 31, 2020.

Our net cash used in operating activities decreased by \$11.3 million to \$6.4 million in the three months ended March 31, 2020, compared to \$17.7 million in the three months ended March 31, 2019. The decrease in cash used in operating activities was primarily attributable to an increase in net income partially offset by an increase in working capital needs for the period ended March 31, 2020.

Our net cash used in investing activities increased by \$34.3 million to \$78.8 million in the three months ended March 31, 2020, compared to \$44.5 million in the three months ended March 31, 2019. The increase in cash used in investing activities was primarily attributable to an increase in purchases of property, plant and equipment of \$20.2 million as well as our acquisition of Laker Energy Products for \$16.2 million in the three months ended March 31, 2020.

Our net cash provided by financing activities increased by \$22.3 million to \$77.8 million in the three months ended March 31, 2020, compared to \$55.4 million in the three months ended March 31, 2019. The increase in cash provided by financing activities was primarily attributable to an increase in net borrowings of \$17.4 million.

At March 31, 2020, we had restricted cash and cash equivalents totaling \$5.9 million, \$2.8 million of which was held for future decommissioning of facilities (which is included in other assets on our condensed consolidated balance sheets) and \$3.1 million of which was held to meet reinsurance reserve requirements of our captive insurer.

At March 31, 2020, we had short-term and long-term investments with a fair value of \$10.0 million. Our investment portfolio consists primarily of U.S. Government and agency securities, corporate bonds and mutual funds. Our debt securities 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. Our equity securities are carried at fair value with the unrealized gains and losses reported in earnings.

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 2019 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 Securities and Exchange Commission ("SEC") under 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, 2020 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 SEC, 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 three months ended March 31, 2020 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 6 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 2019 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 2019 10-K, except as noted below:

***Actual or threatened public health epidemics or outbreaks, such as the recent outbreak of the COVID-19 illness, could have a material adverse effect on our business and results of operations.***

Actual or threatened public health epidemics or outbreaks, such as the recent global outbreak of the novel coronavirus disease ("COVID-19"), could have a material adverse effect on our business and results of operations. COVID-19, which has been declared by the World Health Organization to be a pandemic, has spread to over 200 countries, including every state in the United States. COVID-19 is impacting worldwide economic activity and has resulted in travel disruption, trade disruption and has affected companies' operations around the world, including us. A public health epidemic, including COVID-19, poses the risk that we or our employees, contractors, suppliers and other partners may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns that may be requested or mandated by governmental authorities. On March 13, 2020, the United States declared a national emergency with respect to COVID-19 and more than 40 states have since issued orders requiring the closing of nonessential businesses and/or requiring residents to stay at home. If significant portions of our workforce are unable to work effectively, including because of illness, quarantines, government actions, facility closures or other restrictions in connection with the COVID-19 pandemic, our operations will likely be impacted. Although our U.S. and Canadian facilities have to date been deemed "essential" by federal, state and local authorities and currently continue to operate, there can be no assurance that such authorities will not impose restrictions on the operations of our facilities as a result of the COVID-19 pandemic or that our facilities will continue to operate during the pandemic. If our operations or the operations of our suppliers are restricted, we may be unable to perform fully on our contracts and our costs may increase as a result of the COVID-19 outbreak. These cost increases may result in unfavorable changes in estimate which may not be fully recoverable or adequately covered by insurance.

While it is not possible at this time to estimate the impact that COVID-19 could have on our business, the continued spread of COVID-19 and the measures taken by the governments of countries affected, as well as measures taken by state and local authorities in the United States, could disrupt the supply chain and the manufacture or shipment of our products and adversely impact our business, financial condition or results of operations. We have already experienced delays in the bidding and contracting process for our U.S. Government businesses, as well as the rescheduling of certain services that our U.S. and Canadian nuclear service businesses provide during nuclear power plant outages. More widespread or further delays could have a material adverse impact on our results of operations.

The COVID-19 outbreak and mitigation measures may also have an adverse impact on global economic conditions, which could have an adverse effect on our business. The extent to which the COVID-19 outbreak impacts our business will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of the virus and the actions to contain its impact.

#### **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 three months ended March 31, 2020. 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 <sup>(1)</sup>	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) <sup>(2)</sup>
January 1, 2020 - January 31, 2020	186,639	\$ 65.41	186,639	\$ 153.1
February 1, 2020 - February 29, 2020	129,796	\$ 66.16	116,001	\$ 145.3
March 1, 2020 - March 31, 2020	77,173	\$ 55.47	—	\$ 145.3
Total	393,608	\$ 63.71	302,640	

(1) Includes 0, 13,795 and 77,173 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 6, 2018, 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 \$250 million during a three-year period that expires on November 6, 2021.

**Item 6. EXHIBITS**

Exhibit Number	Description
3.1	<a href="#">Certificate of Amendment to Restated Certificate of Incorporation dated May 14, 2019 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the SEC on May 17, 2019 (File No. 1-34658))</a> .
3.2	<a href="#">Restated Certificate of Incorporation of the Company (incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed with the SEC on May 17, 2019 (File No. 1-34658))</a> .
3.3	<a href="#">Amended and Restated Bylaws (incorporated by reference to Exhibit 3.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 (File No. 1-34658))</a> .
10.1	<a href="#">Amendment No. 1 to Credit Agreement, dated as of March 24, 2020, among BWX Technologies, Inc. as administrative borrower, BWXT Canada Ltd., as the Canadian borrower, Wells Fargo Bank, N.A., as administrative borrower and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on March 25, 2020 (File No. 1-34658))</a> .
10.2*	<a href="#">Form of 2020 Performance Restricted Stock Unit Grant Agreement for Employees</a> .
10.3*	<a href="#">Form of 2020 Restricted Stock Unit Grant Agreement for Employees</a> .
31.1	<a href="#">Rule 13a-14(a)/15d-14(a) certification of Chief Executive Officer</a> .
31.2	<a href="#">Rule 13a-14(a)/15d-14(a) certification of Chief Financial Officer</a> .
32.1	<a href="#">Section 1350 certification of Chief Executive Officer</a> .
32.2	<a href="#">Section 1350 certification of Chief Financial Officer</a> .
101.INS	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

\* Management contract or compensatory plan or arrangement.

**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.

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

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

May 4, 2020



**2020 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 2020 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 Kathy Peres at 980-625-4194 or [kaperes@bwxt.com](mailto:kaperes@bwxt.com).

\*\*\*\*\*

Effective \_\_\_\_\_, 2020 (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 Plan. The provisions of the Plan are incorporated herein by reference and capitalized terms used but not otherwise defined in this Agreement have the meanings given them in the Plan. 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, calculated as described below, provided (and to the extent that) 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 will become vested under one of the following circumstances, to the extent the Performance RSUs have not previously vested or become forfeited:
  - a percentage of the Initial Performance RSUs shall become vested 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));
- if you terminate employment on or after the first anniversary of the Date of Grant but prior to the third anniversary of the Date of Grant due to Retirement or an involuntary termination by BWXT without Cause (in each case as defined below), you will be eligible to vest in a number of Performance RSUs equal to the product of (a) the number of Performance RSUs that would have vested if you would have remained in the continuous employ of BWXT until the third anniversary of the Date of Grant or the occurrence of a Change in Control (whichever occurs first) multiplied by (b) a fraction, the numerator of which is the number of calendar days you are employed by BWXT during the Performance Period, and the denominator of which is the total number of calendar days in the Performance Period;
- 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, or (c) the date of a Change in Control; and
- the Committee may provide for additional vesting under other circumstances, in its sole discretion.

For purposes of this Agreement, “Retirement” means voluntary termination of employment with BWXT after attaining (i) at least 60 years of age and (ii) at least [5] [10] years of service with BWXT (with years of service calculated by reference from your “adjusted service date,” as determined by the Company).

For purposes of this Agreement, “Cause” means 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.

3. Forfeiture of Performance RSUs. Except in connection with a “Retirement” or a termination without Cause as described in Section 2 above, 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.

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, 2020 and ending on December 31, 2022.

5. Settlement of Performance RSUs. You (or your beneficiary, if applicable) will receive one Share for each Performance RSU that vests under this Agreement. If you have made a permitted deferral election with respect to the Performance RSUs, then, subject to compliance with Section 409A of the Code (to the extent applicable), vested Performance RSUs shall be paid to you in accordance with such deferral election. If you have not made a permitted deferral election with respect to the Performance RSUs, vested Performance RSUs

shall be paid to you as soon as administratively practicable after the Performance RSUs vest, but in no event later than the earlier of (a) March 15 following the end of the calendar year in which the Performance RSUs vest and (b) March 15, 2023 (and in all events within the short-term deferral period for purposes of Section 409A of the Code).

6. Dividend, Voting Rights and Other Rights. You shall have no rights of ownership in the Shares 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. From and after the Date of Grant and until the earlier of (a) the time when the Performance RSUs become vested and are paid in accordance with Section 5 hereof or (b) the time when your right to receive Shares in payment of the Performance RSUs is forfeited in accordance with Section 3 hereof, on the date that BWXT pays a cash dividend (if any) to holders of Shares generally, you shall be credited with cash per Performance RSU equal to the amount of such dividend. Any amounts credited pursuant to the immediately preceding sentence shall be subject to the same applicable terms and conditions (including vesting, payment and forfeitability) as apply to the Performance RSUs based on which the dividend equivalents were credited, and such amounts shall be paid in cash at the same time as the Performance RSUs to which they relate.

#### **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 (A) the minimum statutory withholding amount to satisfy such liability or (B) if approved by the Committee, a greater amount based on your election. 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 Sections 9 and 10 of this Agreement 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 including 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 9 and 10 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. Adjustments. The Performance RSUs evidenced by this Agreement are subject to adjustment as provided in Sections 4.3 and 15.2 of the Plan.

13. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause this Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with 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). Any reference in this Agreement to Section 409A of the Code will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

14. Electronic Delivery. BWXT may, in its sole discretion, deliver any documents related to the Performance RSUs and your participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, agree to participate in the Plan through an on-line or electronic system established and maintained by BWXT or another third party designated by BWXT.

15. Severability. In the event that one or more of the provisions of this Agreement 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.

16. Successors and Assigns. Without limiting Section 8 hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, your successors, administrators, heirs, legal representatives and assigns, and the successors and assigns of the Company.

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

18. 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.

19. 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, and (8) 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:

<u>Average ROIC</u>	<u>ROIC Vested Percentage</u>
xx.x%	50%
xx.x%	100%
xx.x%	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 xx.x%. 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.

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

### 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:

<u>Cumulative EPS</u>	<u>EPS Vested Percentage</u>
\$x.xx	50%
\$x.xx	100%
\$x.xx	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 \$x.xx. 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.

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

WACSO represents weighted average common stock outstanding.

## **APPENDIX A**

### **COUNTRY-SPECIFIC SPECIAL TERMS AND CONDITIONS**

This Appendix A, which is part of the BWXT 2020 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 2020. 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.

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#### **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 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 subject to the Performance RSUs are not intended to replace any pension rights or compensation;



- the Performance RSUs and the Shares 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 Subsidiary;
- 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 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 waived any entitlement to pursue such claim;
- For purposes of the Agreement, the date of occurrence of your termination of employment by BWXT or a Subsidiary is the later of: (a) the date that you actually cease to perform services for BWXT or a Subsidiary, as recorded by BWXT or its Subsidiary, as applicable; and (b) the last day of the period during which you are entitled to notice of termination under applicable minimum employment standards legislation (the “Termination Date”).

For greater certainty, the Termination Date shall be determined without reference to any statutory severance or any contractual or common law notice of termination of which you are in receipt or may be eligible to receive at common law, pursuant to a contract, or otherwise; and no grants or damages in lieu thereof are payable with respect to any applicable statutory severance period or contractual or common law notice period. Notwithstanding the foregoing, in no event will you receive less under the Agreement than that required by applicable minimum employment standards legislation.

BWXT and its Subsidiaries reserve the right to terminate the employment of any person, regardless of the effect of such termination of employment on entitlements under the Agreement. You hereby waive, and irrevocably release BWXT and its Subsidiaries from, any claim or entitlement to compensation or damages that may arise from any forfeiture of the Performance RSUs as a result of the cessation of vesting on the Termination Date; 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 or directorships held in BWXT, details of all awards or any other entitlement Shares 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 for each Performance RSU that vests under this Agreement. Such Shares shall be distributed to you as soon as administratively practicable after the Performance RSUs vest, but in no event later than March 15 following the end of the calendar year in which the Performance RSUs vest 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.*

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 Only. Notwithstanding anything to the contrary in the Plan and/or this Agreement, any vested dividend equivalents will be settled in Shares.

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 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 and, in particular, you are generally permitted to sell Shares acquired pursuant to the Plan through the designated broker appointed under the Plan, if any, provided that BWXT is a foreign issuer that is not public in Canada and the sale of the Shares acquired pursuant to the Plan takes place: (i) through an exchange, or a market, outside of Canada on the distribution date; or (ii) to a person or company outside of Canada. For purposes hereof, a foreign issuer is an issuer that: (a) is not incorporated or existing pursuant to the laws of Canada or any jurisdiction of Canada; (b) does not have its head office in Canada; and (c) does not have a majority of its executive officers or directors ordinarily resident in 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.

**2020 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 2020 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 Kathy Peres at 980-625-4194 or [kaperes@bwxt.com](mailto:kaperes@bwxt.com).

\*\*\*\*\*

Effective \_\_\_\_\_, 2020 (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 Plan. The provisions of the Plan are incorporated herein by reference and capitalized terms used but not otherwise defined in this Agreement have the meanings given them in 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.

**Restricted Stock Units**

1. RSU Award. You have been awarded \_\_\_\_\_ RSUs. Each RSU represents a right to receive one Share after the vesting of such RSU, 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), the RSUs will become vested under one or more of the following circumstances, to the extent the RSUs have not previously vested or become forfeited as of the occurrence of such circumstance:
  - in one-third (1/3) increments on the first, second and third anniversaries of the Date of Grant (the date of each, an “Anniversary Date”);
  - if you Retire on or after the first anniversary of the Date of Grant and prior to the second anniversary of the Date of Grant, in one-half (1/2) increments of the then-outstanding and unvested RSUs on the second and third anniversaries of the Date of Grant;

- if you Retire on or after the second anniversary of the Date of Grant and prior to the third anniversary of the Date of Grant, 100% of the then-outstanding and unvested RSUs on the third anniversary of the Date of Grant;
- 100% of the then-outstanding and unvested RSUs on the earliest of the following to occur prior to the third anniversary of the Date of Grant: (a) your death, (b) your Disability or (c) the date of a Change in Control; and
- the Committee may provide for additional vesting under other circumstances, in its sole discretion.

For purposes of this Agreement, the term “Retire” means to terminate employment with BWXT after attaining (i) at least 60 years of age and (ii) at least [5] [10] years of service with BWXT (with years of service calculated by reference from your “adjusted service date,” as determined by the Company).

3. Forfeiture of RSUs. Except if you Retire on or after the first anniversary of the Date of Grant, 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 made a permitted deferral election with respect to the RSUs, then, subject to compliance with Section 409A of the Code (to the extent applicable), vested RSUs shall be paid to you in accordance with such deferral election. If you have not made a permitted deferral election with respect to the RSUs, vested RSUs shall be paid to you in the form of Shares within 10 days of each Anniversary Date, with an accelerated settlement of vested RSUs on the first of the following events to occur:

- the occurrence of a Change in Control, unless such Change in Control does not constitute a “change in control” for purposes of Section 409A(a)(2)(A)(v) of the Code;
- your death; or
- your Disability.

5. 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. From and after the Date of Grant and until the earlier of (a) the time when the RSUs become vested and are paid in accordance with Section 4 hereof or (b) the time when your right to receive Shares in payment of the RSUs is forfeited in accordance with Section 3 hereof, on the date that BWX Technologies, Inc. pays a cash dividend (if any) to holders of Shares generally, you shall be credited with cash per RSU equal to the amount of such dividend. Any amounts credited pursuant to the immediately preceding sentence shall be subject to the same applicable terms and conditions (including vesting, payment and forfeitability) as apply to the RSUs based on which the dividend equivalents were credited, and such amounts shall be paid in cash at the same time as the RSUs to which they relate.

## 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. Notwithstanding anything herein to the contrary, if the Federal Insurance Contributions Act tax (“FICA Tax”) imposed under Sections 3101, 3121(a) and 3121(v)(2) of the Code becomes due with respect to any of the RSUs prior to the payment of such RSUs, BWXT or Employer will withhold from your cash compensation an amount sufficient to pay the FICA Tax with respect to such 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. Adjustments. The RSUs evidenced by this Agreement are subject to adjustment as provided in Sections 4.3 and 15.2 of the Plan.

12. Compliance with Section 409A of the Code. To the extent applicable, it is intended that this Agreement and the Plan comply with the provisions of Section 409A of the Code. This Agreement and the Plan shall be administered in a manner consistent with this intent, and any provision that would cause this Agreement or the Plan to fail to satisfy Section 409A of the Code shall have no force or effect until amended to comply with 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). Any reference in this Agreement to Section 409A of the Code will also include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to such Section by the U.S. Department of the Treasury or the Internal Revenue Service.

13. Electronic Delivery. BWXT may, in its sole discretion, deliver any documents related to the RSUs and your participation in the Plan, or future awards that may be granted under the Plan, by electronic means or request your consent to participate in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and, if requested, agree to participate in the Plan through an on-line or electronic system established and maintained by BWXT or another third party designated by BWXT.

14. Severability. In the event that one or more of the provisions of this Agreement 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.

15. Successors and Assigns. Without limiting Section 7 hereof, the provisions of this Agreement shall inure to the benefit of, and be binding upon, your successors, administrators, heirs, legal representatives and assigns, and the successors and assigns of the Company.

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

17. 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.

18. 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 2020 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 2020. 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.

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#### **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 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 subject to the RSUs are not intended to replace any pension rights or compensation;

- the RSUs and the Shares 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 Subsidiary;
- 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 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 waived 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. ***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 or directorships held in BWXT, details of all awards or any other entitlement to Shares 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. Vested RSUs shall be paid to you in the form of Shares within 10 days of each Anniversary Date, with an accelerated settlement of vested RSUs on the first of the following events to occur:

- the occurrence of a Change in Control, unless such Change in Control does not constitute a “change in control” for purposes of Section 409A(a)(2)(A)(v) of the Code;
- your death; or
- your Disability.”

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 Only. Notwithstanding anything to the contrary in the Plan and/or this Agreement, any vested dividend equivalents will be settled in Shares.
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 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 and, in particular, you are generally permitted to sell Shares acquired pursuant to the Plan through the designated broker appointed under the Plan, if any, provided that BWXT is a foreign issuer that is not public in Canada and the sale of the Shares acquired pursuant to the Plan takes place: (i) through an exchange, or a market, outside of Canada on the distribution date; or (ii) to a person or company outside of Canada. For purposes hereof, a foreign issuer is an issuer that: (a) is not incorporated or existing pursuant to the laws of Canada or any jurisdiction of Canada; (b) does not have its head office in Canada; and (c) does not have a majority of its executive officers or directors ordinarily resident in 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.

## 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, 2020;
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, 2020

/s/ Rex D. Geveden

Rex D. Geveden

President and Chief Executive Officer

## 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, 2020;
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, 2020

/s/ David S. Black

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David S. Black

Senior Vice President and Chief Financial Officer

## 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, 2020 (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, 2020

/s/ Rex D. Geveden

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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.

## 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, 2020 (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, 2020

/s/ David S. Black

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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.