

**WOODWARD, INC.**  
**OFFICER/DIRECTOR**  
**STOCK OWNERSHIP GUIDELINES**  
**September 2016**

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Philosophy

In order to align the Company's Officers' and Directors' interests and objectives with that of shareholders, we have established guidelines for Woodward stock ownership.

Ownership Guidelines

*CEO & President* - Shares with a value equal to 5 times annual base salary.

*Group Presidents & CFO* - Shares with a value equal to 3 times annual base salary.

*Corporate Vice Presidents* - Shares with a value equal to 2 times annual base salary.

*CEO Appointed Officers* - Shares with a value equal to annual base salary.

*Non-Employee Members of the Board of Directors* - Shares with a value equal to 5 times annual base retainer.

Stock Qualifications

Shares held as owner of record, or in brokerage account, in the Woodward Stock Plan, and unfunded deferred plan amounts denominated in Woodward Stock, all qualify towards the ownership guidelines. For purposes of these guidelines, an individual's stock ownership shall also include shares (i) owned jointly with, or separately, by the individual's immediate family member(s) (spouse and/or dependent children); and (ii) held in trust for the individual's immediate family member(s). Unexercised and vested "in-the-money" stock options will also qualify towards up to a maximum of 50% of the ownership requirements.

Compliance

Except as may be prohibited in any relevant jurisdiction, Woodward requires its Officers and Directors to comply with these guidelines; provided, however, that the Compensation Committee of the Board of Directors may in its discretion relieve an Officer or Director of his or her obligations under these guidelines on a case by case basis at the request of such Officer or Director, taking into consideration various factors, including but not limited to: retirement or estate planning, health and any other special financial circumstances.

Until the ownership target by an Officer or a Director is reached, (i) 100% of any amounts deferred under the Woodward Executive Benefit Plan will be denominated in Woodward Stock; and (ii) 50% of net shares acquired upon any future vesting of stock units and/or exercise of stock options shall be retained, after deducting shares used to pay applicable taxes and/or exercise price. In addition, if the ownership target is not reached by an Officer or Director within 5 years of being subject to these guidelines, at least 75% of the individual's net incentive compensation bonus payments (in the case of an Officer) or base retainer (in the case of a non-employee director) must be (i) deferred in the unfunded deferred plan (to the extent permitted under the Woodward Executive Benefit Plan and IRC Section 409A) and denominated in Woodward stock or (ii) utilized by the individual, at the earliest available trading window, to acquire Woodward stock. In either case, these additional requirements will remain in effect until the ownership requirements are achieved.

If a person subject to these guidelines becomes out of compliance solely as a result of a decrease in the value of Woodward stock, such person will be deemed to remain in compliance provided he or she retains the same number of shares (as adjusted for stock splits, dividends, etc.) that were held at the time the individual was in compliance.

The Compensation Committee will review Officer and Director stock ownership levels annually and ensure compliance where necessary.