



## **Charter of the Compensation Committee of the Board of Directors of Woodward, Inc.**

**(As of May 1, 2019)**

### **Purpose**

The Compensation Committee (the “Committee”) is appointed by the Board of Directors (the “Board”) to, among other things, (i) review the Company’s compensation practices and policies, determine the compensation of the Company’s Chief Executive Officer (the “CEO”) and other executive officers of the Company, (ii) administer incentive and other compensation plans of the Company that affect employees subject to its review, and (iii) generally support the Board in carrying out its overall responsibilities relating to executive compensation.

### **Responsibilities**

The Committee shall:

1. Determine the compensation of the Company’s Chief Executive Officer, and ensure that the CEO is not present during the time any deliberations or voting on his or her compensation occurs.
2. Determine the compensation of all other executive officers of the Company.
3. Review and approve all employment, retention, change in control and/or severance agreements for executive officers.
4. Approve and administer (to the extent authorized by the Board or under the applicable plan) the Company’s equity compensation plans.
5. Subject to the terms and conditions of the Company’s equity compensation plans, approve individual stock option grants.
6. Subject to the terms and conditions of the Company’s equity compensation plans, approve the award of individual stock appreciation rights, restricted shares, restricted stock units, deferred shares, performance shares, or performance units.
7. Make recommendations to the Board with respect to incentive compensation plans and equity based plans.
8. Review all incentive compensation programs to confirm that incentive pay does not encourage unnecessary risk taking and to review and discuss, at least annually, the relationship between risk management policies and practices, corporate strategy, and senior executive compensation.

9. Review periodically and submit to the Board recommendations concerning existing or new executive compensation, executive employee benefits, stock plans or management perquisites.
10. Establish and certify the satisfaction of performance goals for performance-based compensation as required under Section 162(m) of the Internal Revenue Code.
11. Review and provide oversight of the Company's compensation philosophy (and compliance therewith).
12. Review and revise, as needed, a peer group of companies against which to assess the Company's compensation programs and practices on a periodic basis to ensure that they are competitive and supportive of the Company's strategy and objectives.
13. Review and discuss management's Compensation Discussion and Analysis and determine whether to recommend that it be included in the Company's annual report on Form 10-K and proxy statement.
14. Prepare, or cause to be prepared, and approve the disclosures in the Compensation Committee report required by the rules of the Securities and Exchange Commission to be included in the Company's annual report on Form 10-K and proxy statement pursuant to Item 407(e)(5) of Regulation S-K.
15. Review the stock ownership levels of executive officers and directors to ensure compliance with the Company's Stock Ownership Guidelines.
16. Approve and oversee the application of the Company's policy for clawback, or recoupment, of incentive compensation.
17. Review the CEO's performance annually and report the evaluation to the Board.
18. Perform a periodic self-assessment no less frequently than annually.
19. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
20. Perform such other specific functions as the Board may from time to time direct.
21. Report actions taken by the Committee to the Board at its next meeting.
22. Provide recommendations to the Board on compensation-related proposals to be considered at the Company's annual meeting, including equity compensation plans and the frequency of advisory votes on executive compensation.
23. Assist the Board in reviewing the results of all stockholder advisory votes related to the compensation of the executive officers of the Company, and consider whether to make or recommend adjustments to the Company's executive compensation policies and practices as a result of such votes.
24. Oversee engagement with stockholders and proxy advisory firms on executive

compensation matters, including stockholder communications related to executive compensation.

### **Resources and Authority of the Committee**

The Committee is at all times authorized to have direct, independent access to the Company's other directors and management. The Committee shall have the power to hire independent compensation, legal, financial or other consultants or advisors, as it deems necessary, provided that the Committee's authority shall not be deemed to restrict management's authority to retain consultants or advisors as management shall deem necessary or appropriate. In the event any compensation, legal, financial or other consultant or advisor is retained by the Committee, the Company will make arrangements or provide appropriate funding for payment to such consultants or advisors retained by the Committee. Prior to retaining or receiving advice, in connection with the determination of executive officer pay, from a compensation consultant, legal counsel (other than the Company's in-house counsel), or other advisor to the Committee, the Committee shall take into consideration such factors that could affect the independence of such consultant, counsel or advisor as may be identified from time to time in the rules and regulations of the SEC and the listing standards of the NASDAQ Stock Market. Nothing in this provision requires the Committee to implement or act consistently with the advice or recommendations of any adviser or affects the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties.

The Committee shall review and discuss with management, if applicable, any conflicts of interest raised by the work of any compensation consultant, legal counsel or other advisor that had any role in determining or recommending the amount or form of executive compensation or was retained by the Committee or management and how such conflict is being addressed for disclosure in the Company's annual proxy statement in accordance with applicable SEC rules and regulations.

The Committee shall have the authority to delegate any of its responsibilities to subcommittees as the Committee may deem appropriate, provided the subcommittees are composed entirely of members of the Committee.

### **Membership**

The Committee is to consist of two (2) or more members of the Board, one of whom is to serve as Chairman. Each member of the Committee must meet the independence requirements of the NASDAQ Stock Market, Inc. Marketplace Rules. In addition, each member of the Committee also shall satisfy all requirements necessary from time to time to be a "Non-Employee Director" under Securities and Exchange Commission Rule 16b-3 and a qualified "Outside Director" under Section 162(m) of the Internal Revenue Code and related regulations, all as amended from time to time. No member of the Committee may accept, directly or indirectly, any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries other than for services as a director of the Company or as otherwise permitted under the listing standards of the NASDAQ Stock Market. The Chairman and the other members of the Committee shall be appointed and may be removed by the Board on the recommendation of the Nominating and Governance Committee. In determining whether a director is eligible to serve on the Committee,

the Board shall also consider whether the director is affiliated with the Company, a Company subsidiary or an affiliate of a Company subsidiary in a manner that would impair the director's judgment as a member of the Committee. Actions to appoint or remove any member of the Committee shall be taken by a resolution passed by a majority of the Board.

### **Meetings**

The Committee is to meet as often as it deems appropriate to carry out its responsibilities, but not less frequently than two times each fiscal year. The Chairman of the Board, the Chairman of the Committee or a majority of the members of the Committee may call a meeting of the Committee. The Committee may request any officer or employee of the Company to attend a meeting of the Committee, or to meet with any members of, or consultants to, the Committee. The Company's Chief Executive Officer shall not be present or vote during any deliberations with respect to his or her compensation. The Chairman of the Committee will preside at each meeting of the Committee and, in consultation with the other members of the Committee, shall set the frequency and length of each meeting and the agenda of items to be addressed at each meeting. A majority of the members shall constitute a quorum. A majority of the members present in person or by telephone shall decide any matter brought before the Committee. Minutes of each meeting are to be prepared and approved at a subsequent meeting. Minutes are to be distributed to Committee members and are to be made available to all members of the Board. The Chairman of the Committee shall report to the Board from time to time regarding the activities of the Committee, whenever so requested by the Board.

As Amended and Restated on May 1, 2019.