

FORM 10-K

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

For the fiscal year ended September 30, 2022

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 number 000-08406

WOODWARD, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

1081 Woodward Way, Fort Collins, Colorado

(Address of principal executive offices)

36-1984010

(I.R.S. Employer Identification No.)

80524

(Zip Code)

(970) 482-5811

(Registrant's telephone number, including area code)

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

Trading Symbol(s)

WWD

Name of exchange on which registered

NASDAQ Global Select Market

Title of each class

Common Stock, par value \$0.001455 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

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 and such files). Yes No

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

Large Accelerated Filer Accelerated Filer Non-accelerated Filer Smaller Reporting Company

Emerging Growth Company

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

Aggregate market value of registrant's common stock held by non-affiliates of the registrant, based upon the closing price of a share of the registrant's common stock on March 31, 2022 as reported on The NASDAQ Global Select Market on that date: \$5,399,170. For purposes of this calculation, shares of common stock held by (i) persons holding more than 5% of the outstanding shares of stock, (ii) officers and directors of the registrant, and (iii) the Woodward Governor Company Profit Sharing Trust, Woodward Governor Company Deferred Shares Trust, or the Woodward Charitable Trust, as of March 31, 2022, are excluded in that such persons may be deemed to be affiliates. This determination is not necessarily conclusive of affiliate status.

As of November 17, 2022, 98,763,750 shares of the registrant's common stock with a par value of \$0.001455 per share were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of our proxy statement for the Annual Meeting of Stockholders to be held virtually on January 25, 2023, are incorporated by reference into Parts II and III of this Form 10-K, to the extent indicated.

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Forward Looking Statements

This Annual Report on Form 10-K, including "Management's Discussion and Analysis of Financial Condition and Results of Operations," contains forward-looking statements regarding future events and our future results within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact are statements that are deemed forward-looking statements. These statements are based on current expectations, estimates, forecasts, and projections about the industries in which we operate and the beliefs and assumptions of management. Words such as "anticipate," "believe," "estimate," "seek," "goal," "expect," "forecast," "intend," "continue," "outlook," "plan," "project," "target," "strive," "can," "could," "may," "should," "will," "would," variations of such words, and similar expressions are intended to identify such forward-looking statements. In addition, any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, and other characteristics of future events or circumstances are forward-looking statements. Forward-looking statements may include, among others, statements relating to:

- the impacts on our business relating to the global COVID-19 pandemic and measures taken by governments and private industry in response, including the impacts to supply and demand;
- the effect of economic trends, including rising inflation, and global supply chain and labor pressures;
- the effect of geopolitical events, including the Russia-Ukraine conflict on our business and the markets in which we operate;
- future sales, earnings, cash flow, uses of cash, and other measures of financial performance, including our ability to accurately predict such performance;
- trends in our business and the markets in which we operate, including expectations in those markets in future periods;
- our expected expenses in future periods and trends in such expenses over time;
- descriptions of our plans and expectations for future operations;
- plans and expectations relating to the performance of our joint venture with General Electric Company;
- the expected levels of activity in particular industries or markets and the effects of changes in those levels;
- the scope, nature, or impact of acquisition activity and integration of such acquisition into our business;
- the research, development, production, and support of new products and services;
- restructuring and alignment costs and savings;
- our plans, objectives, expectations and intentions with respect to business opportunities that may be available to us;
- our liquidity, including our ability to meet capital spending requirements and operations;
- future repurchases of common stock;
- future levels of indebtedness and capital spending;
- the stability of financial institutions, including those lending to us;
- pension and other postretirement plan assumptions and future contributions; and
- our tax rate and other effects of the changes in U.S. federal tax law.

All these forward-looking statements are only predictions and are subject to risks, uncertainties, and assumptions that are difficult to predict and are subject to a number of factors and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. Factors that could cause actual results and the timing of certain events to differ materially from the forward-looking statements include the factors described in Item 1A, Risk Factors. We undertake no obligation to revise or update any forward-looking statements for any reason, except as required by applicable law.

Unless we have indicated otherwise or the context otherwise requires, references in this Form 10-K to "Woodward," "the Company," "we," "us," and "our" refer to Woodward, Inc. and its consolidated subsidiaries.

Except where we have otherwise indicated or the context otherwise requires, amounts presented in this Form 10-K are in thousands, except per share amounts.

Item 1. Business

General

We are an independent designer, manufacturer, and service provider of control solutions for the aerospace and industrial markets. Our innovative fluid energy, combustion control, electrical energy, and motion control systems help customers offer cleaner, more reliable, and more efficient equipment. Our customers include leading original equipment manufacturers and end users of their products. We have production and assembly facilities primarily in the United States, Europe and Asia, and promote our products and services through our worldwide locations.

Our strategic focus is providing energy control and optimization solutions for the aerospace and industrial markets. The precise and efficient control of energy, including motion, fluid, combustion and electrical energy, is a growing requirement in the markets we serve. Our customers look to us to optimize the efficiency, emissions and operation of power equipment in both commercial and defense operations. Our core technologies leverage well across our markets and customer applications, enabling us to develop and integrate cost-effective and state-of-the-art fuel, combustion, fluid, actuation and electronic systems. We focus primarily on serving original equipment manufacturers ("OEMs") and equipment packagers, partnering with them to bring superior component and system solutions to their demanding applications. We also provide aftermarket repair, maintenance, replacement and other service support for our installed products.

Woodward was established in 1870, incorporated in 1902, and is headquartered in Fort Collins, Colorado. The mailing address of our world headquarters is 1081 Woodward Way, Fort Collins, Colorado 80524. Our telephone number at that location is (970) 482-5811, and our website is www.woodward.com. None of the information contained on our website is incorporated into this document by reference.

Markets and Principal Lines of Business

We serve the aerospace and industrial markets through our two reportable segments – **Aerospace** and **Industrial**. Our customers require technological solutions to meet their needs for performance, efficiency, and reliability, and to reduce cost of operation of their products.

Within the aerospace market, we provide systems, components and solutions for both commercial and defense applications. Our aerospace systems and components optimize the performance of fixed wing and rotorcraft platforms in commercial, business and military aircraft, missiles, weapons and space, ground vehicles and other equipment. Our key focus areas within this market are propulsion and combustion control solutions for turbine powered aircraft; and fluid and motion control solutions for critical aerospace and defense applications.

Within the industrial market, our key focus areas are applications and control solutions for machines that produce electricity utilizing conventional or alternative energy sources; and fluid, motion, and combustion control solutions for complex oil and gas, industrial, power generation and transportation applications.

Products, Services and Applications

Aerospace

Our Aerospace segment designs, manufactures, and services systems and products for the management of fuel, air, and combustion and motion control. These products include fuel pumps, metering units, actuators, air valves, specialty valves, fuel nozzles, and thrust reverser actuation systems for turbine engines and nacelles, as well as flight deck controls, actuators, servocontrols, motors and sensors for aircraft. These products are used on commercial and private aircraft and rotorcraft, as well as on military fixed-wing aircraft and rotorcraft, guided weapons, and other defense systems.

We have significant content on a wide variety of commercial aircraft, rotorcraft and business jet platforms, such as the Airbus A320neo, Boeing 737 MAX and 787, Bell 429 and Gulfstream G650. We also have significant content on defense applications such as Blackhawk and Apache helicopters, F-15 and F-35 fighter jets, and guided tactical weapons.

Revenues from the Aerospace segment are generated by sales to OEMs, tier-one suppliers, and prime contractors, and through aftermarket sales of components, such as provisioning spares or replacements. We also provide aftermarket maintenance, repair and overhaul, as well as other services to commercial airlines, repair facilities, military depots, third party repair shops, and other end users.

Industrial

Our Industrial segment designs, produces, and services systems and products for the management of fuel, air, fluids, gases, motion, combustion and electricity. These products include actuators, valves, pumps, fuel injection systems, solenoids, ignition systems, speed controls, electronics and software, and sensors. Our products are used on industrial gas turbines (including heavy frame, aeroderivative and small industrial gas turbines), steam turbines, compressors, and reciprocating engines (including low speed, medium speed and high-speed engines, that operate on various fuels, including natural gas, diesel, heavy fuel oil and dual-fuel). The equipment on which our products are found is used to generate power; to extract and distribute fossil fuels; in the mining of other commodities; and to convert fuel to work in transportation and freight (both marine and locomotives), mobile, and industrial equipment applications.

Revenues from our Industrial segment are generated primarily by sales to OEMs and by providing aftermarket products and other related services to our OEM customers. Our Industrial segment also sells products through an independent network of distributors and, in some cases, directly to end users.

Customers

Sales to our five largest customers represented approximately 43% of our consolidated net sales for the fiscal year ended September 30, 2022 and 45% in fiscal year ended September 30, 2021.

Sales to our largest customer, General Electric Company ("GE"), in each of the fiscal years ended September 30, 2022 and September 30, 2021, accounted for approximately 11% of our consolidated net sales. Accounts receivable from GE represented approximately 10% of accounts receivable at September 30, 2022 and September 30, 2021. Sales to our second largest customer in fiscal year 2022, Raytheon Technologies, accounted for approximately 11% of our consolidated net sales in the fiscal year ended September 30, 2022 and 9% in the fiscal year ended September 30, 2021. Accounts receivable from Raytheon Technologies totaled approximately 6% of accounts receivable at September 30, 2022, and 5% at September 30, 2021. We believe GE, Raytheon Technologies, and our other significant customers are creditworthy and will be able to satisfy their credit obligations to us.

The customers who account for approximately 10% or more of net sales of each of Woodward's reportable segments are as follows:

	For the Year Ended September 30,	
	2022	2021
Aerospace	Raytheon Technologies, The Boeing Company, GE	The Boeing Company, Raytheon Technologies, GE
Industrial	Rolls-Royce PLC, Wärtsilä, Caterpillar	Rolls-Royce PLC, Weichai Westport, GE

Competitive Environment

Our products and product support services are sold worldwide into a variety of markets. In all markets, we compete on the basis of differentiated technology and design, product performance and conformity with customer specifications. Additional factors are customer service and support, including on-time delivery and customer partnering, product quality, price, reputation and local presence. Both of our segments operate in uniquely competitive environments.

We believe that new competitors face significant barriers to entry into many of our markets, including various government mandated certification requirements to compete in the aerospace and industrial markets in which we participate.

Aerospace

Aerospace has significant product certification requirements to meet safety regulations, which form a basis for competition as well as a barrier to entry. Technological innovation and design, product performance including increased efficiency and thrust, conformity with customer specifications, and product quality and reliability are of utmost importance in the aerospace and defense industry. In addition, on-time delivery, pricing, and joint development capabilities with customers are points of competition within this market.

We compete with numerous companies around the world that specialize in fuel and air management, combustion, electronic control, aircraft motion control, flight deck control, and thrust reverser products. Our competitors in aerospace include divisions of Eaton, Honeywell, Moog, Parker Hannifin, and Raytheon Technologies. In addition, some of our OEM

customers are capable of developing and manufacturing similar products internally. Several competitors are also customers for our products, such as Honeywell, Parker Hannifin, and Raytheon Technologies.

Some of our customers are affiliated with our competitors through ownership or joint venture agreements. For example, Pratt & Whitney, one of our customers, is affiliated with Raytheon Technologies, one of our competitors. Similarly, GE Aviation has a joint venture ("JV") with Parker Hannifin for the supply of fuel nozzles. We also have partnered with our customers in the past, such as our strategic JV with one of our largest customers, GE, acting through its GE Aerospace business unit.

We believe our products offer high levels of field reliability, which provides end users with an advantage in life-cycle cost. We address competition in aftermarket service through responsiveness to our customers' needs, providing short turnaround times, greater performance such as longer time between repairs, and maintaining a global presence. We also compete in part by establishing relationships with our customers' engineering organizations, and by offering innovative technical and commercial solutions to meet their market requirements. Our ability to design, develop and test an integrated system with a customer is a competitive differentiator, offering the customer savings in both resources and time.

Industrial

Industrial operates in the global markets for industrial turbines and reciprocating engines, which are used in power generation systems, transportation, and oil and gas markets. Many of these markets are subject to regulatory product and performance certifications to meet emissions and safety requirements, which form a basis for competition as well as a barrier to entry.

We compete with numerous companies that specialize in various engine, turbine, and power management products, and our OEM customers are often capable of developing and manufacturing similar products internally. Many of our customers are large global OEMs that require suppliers to support them around the world and to meet increasingly higher requirements in terms of safety, quality, delivery, reliability and cost. Competitors include Emerson, EControls, Heinzmann GmbH & Co., Hoerbiger, Meggitt, Robert Bosch AG, and Triconix. OEM customers with internal capabilities for similar products include Caterpillar, Cummins, GE, Rolls-Royce Power Systems, Wärtsilä, and Weichai Westport.

We believe we are a market leader in providing our customers advanced technology and superior product performance at a competitive price. We focus on developing and maintaining close relationships with our OEM customers' engineering teams. Competitive success is based on the development of innovative components and systems that are aligned with the OEMs' technology roadmaps to achieve future reliability, emission, efficiency, and fuel flexibility targets.

For additional information about our markets and trends in our markets, please see Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

Government Contracts and Regulation

Portions of our business, particularly in our Aerospace segment, are heavily regulated. We contract with numerous U.S. Government agencies and entities, including all of the branches of the U.S. military, the National Aeronautics and Space Administration ("NASA"), and the Departments of Defense, Homeland Security, and Transportation. We also contract with similar government authorities outside the United States, subject in all cases to applicable law.

We must comply with, and are affected by, laws and regulations relating to the formation, administration and performance of U.S. Government contracts. These laws and regulations, among other things:

- require accurate, complete and current disclosure and certification of cost and pricing data in connection with certain contracts;
- impose specific and unique cost accounting practices that may differ from accounting principles generally accepted in the United States ("U.S. GAAP"), and therefore require robust systems to reconcile;
- impose regulations that define allowable and unallowable costs and otherwise govern our right to reimbursement under certain cost-based U.S. Government contracts;
- impose manufacturing specifications and other quality standards that may be more restrictive than for non-government business activities; and
- restrict the use and dissemination of information classified for national security purposes due to the regulations of the U.S. Government and foreign governments pertaining to the export of certain products and technical data.

Sales made directly to U.S. Government agencies and entities, or indirectly through third party manufacturers utilizing Woodward parts and subassemblies, collectively represented 23% of our sales for fiscal year 2022 and 29% of our sales for fiscal year 2021.

Seasonality

We believe our sales, in total or in either reportable segment, are not subject to significant seasonal variation. However, our sales have generally been lower in the first quarter of our fiscal year as compared to the immediately preceding quarter due to fewer working days resulting from the observance of various holidays and scheduled plant shutdowns for annual maintenance.

Sales Order Backlog

For each of our reportable segments, we have elected to quantify backlog in a manner consistent with the definition of remaining performance obligations. Our remaining performance obligations by segment, excluding material rights, as of October 31, 2022 and 2021 is shown in the table below:

	October 31, 2022	October 31, 2022 Percent Expected to be satisfied by September 30, 2023	October 31, 2021
Aerospace	\$ 1,198,571	74%	\$ 1,009,101
Industrial	\$ 274,224	94	\$ 261,074
	<u>\$ 1,472,795</u>	<u>79%</u>	<u>\$ 1,270,175</u>

Our remaining performance obligations relate to the aggregate amount of the total contract transaction price of firm orders for which the performance obligation has not yet been recognized in revenue.

Manufacturing

We operate manufacturing and assembly plants primarily in the United States, Europe and Asia. Our products consist of mechanical, electronic and electromechanical systems and components.

Aluminum, iron and steel are primary raw materials used to produce our mechanical components. Other commodities, such as gold, copper and nickel, are also used in the manufacture of our products, although in much smaller quantities. We purchase various goods, including component parts and services used in production, logistics and product development processes from third parties. Generally, there are numerous sources for the raw materials and components used in our products, which we believe are sufficiently available to meet current requirements.

We maintain global strategic sourcing models to meet our global facilities' production needs while building long-term supplier relationships and efficiently managing our overall supply costs. We expect our suppliers to maintain adequate levels of quality raw materials and component parts, and to deliver such parts on a timely basis to support production of our various products. We use a variety of agreements with suppliers intended to protect our intellectual property and processes and to monitor and mitigate risks of disruption in our supply base that could cause a business disruption to our production schedules or to our customers. The risks monitored include supplier financial viability, business continuity, quality, delivery and protection of our intellectual property and processes.

Our customers expect us to maintain adequate levels of certain finished goods and certain component parts to support our warranty commitments and sales to our aftermarket customers, and to deliver such parts on a timely basis to support our customers' standard and customary needs. We carry certain finished goods and component parts in inventory to meet these rapid delivery requirements of our customers.

Research and Development

We finance our research and development activities primarily with our own funds. Our research and development costs include basic research, applied research, component and systems development, and concept formulation studies.

We collaborate closely with our customers as they develop their technology plans, which leads to new product concepts. We believe this collaboration allows us to develop technology, new systems, and products that are aligned with our customers' needs and future performance, which increases the likelihood that our systems and components will be selected for inclusion in the platforms developed by our customers. Further, we believe our close collaboration with our customers during preliminary design stages allows us to provide products that deliver the component and system

performance necessary to bring greater value to our customers. This preliminary work may include opportunities to test new products in order to validate concepts and demonstrate performance in challenging environments. We strive to stay ahead of the competition through our modeling, prototyping, and state of the art test capabilities.

Aerospace is focused on developing systems and components that we believe will be instrumental in helping our customers achieve their objectives of lower fuel consumption, lighter weight, more efficient performance, reduced emissions, and improved operating economics. We support our engine and airframe customers as they develop next generation designs across the commercial aviation, general aviation, civil private and military markets. Our development efforts support technology for a wide range of:

- aerospace turbine engine applications, which include commercial, business and military turbofan engines of various thrust classes, turboshaft engines and turboprop engines;
- electromechanical and hydraulic actuation systems for flight deck-to-flight surface control of fixed-wing aircraft and rotorcraft, and turbine engine nacelles, as well as guidance for weapon systems; and
- motion control components for integration into comprehensive actuation systems.

Most technology development programs begin years before an expected entry to service, such as those for the next generation of commercial aircraft. Other development programs result in nearer-term product launches associated with new OEM offerings, product upgrades, or product replacements on existing programs.

We developed the fuel system, air management system, and actuation hardware for CFM International's LEAP engine program. We also developed actuation system, combustion system and oil system components for Pratt & Whitney's Geared Turbo Fan ("GTF" or "PurePower") engine program. We continue to support GE and CFM for improvements to the LEAP fuel system, and Collins Aerospace and Pratt & Whitney for improvements to the PurePower engine programs.

Industrial is focused on developing innovative technologies, including integrated control systems and system components, that enable our customers to cost-effectively meet mandated emissions regulations and fuel efficiency demands, allow for usage of a wider range of fuel sources, increase reliability (particularly in harsh environments), and reduce total cost of ownership. Our development efforts support technology for a wide range of:

- products that improve the quality of combustion processes and provide more precise flow of various fuels and gases in our customers' gas turbines and industrial reciprocating engines;
- electronic devices and software solutions that provide improved control and protection of reciprocating engines, gas turbines, steam turbines, and engine- and turbine-powered equipment; and
- advanced prognostic and predictive intelligence that is integrated into many of our complex products and systems.

Human Capital

Our employees (whom we call "members") are Woodward's most valuable resource for current and future success. We promote an environment that ensures safety, encourages diversity and inclusion, fosters growth and self-development, and provides meaningful work. All members participate in our success through attractive and aligned total rewards programs. Notable programs we offer to our full-time members include:

- employer sponsored health insurance;
- employer 401(k) matching contributions;
- annual Woodward stock contributions for U.S. members;
- a tuition assistance program;
- training and professional development courses through our Woodward University curriculum; and
- other values-based and technical development training

Tenure of all employees averages nearly 11 years, reflective of our positive workplace culture. Our recruiting team uses internal and external resources to recruit highly skilled and talented workers, and we encourage and reward employee referrals for open positions.

In addition to our comprehensive investment in our members' success, we strive to maintain an inclusive environment that values and leverages the uniqueness of each member to the benefit of all our stakeholders. We view the combination of diverse perspectives and backgrounds as a powerful force for innovation. To promote diversity and our core principles, we emphasize dignity, value, and equality of all members, regardless of race, color, religion, age, gender or sexual

orientation, through our actions and the workplace training programs we provide. We continually strive to harness the diversity of our global workforce by cultivating a climate that permits all our members to bring their authentic selves to work every day.

The health and safety of our members is also a top priority. We have implemented appropriate procedures and precautions to ensure the continued safety and well-being of members. We strive to comply with all federal and local workplace laws and regulations where we do business. We are always looking for ways to exceed compliance standards by utilizing continuous improvement discipline to proactively eliminate risks in the workplace.

As of October 31, 2022, we employed approximately 8,300 full-time members of which approximately 2,500 were located outside of the United States, with the majority of such members located in Germany, Poland and China.

Member engagement drives better business results, and Woodward conducts biannual employee engagement surveys to give our members a voice in their work experience. In 2022, more than 68% of our members participated in our employee engagement surveys. These surveys help identify key engagement drivers at Woodward and areas where we have opportunity to improve. This has resulted in action plans at all levels of the organization and drives continuous conversations on the things that matter most to members and their teams.

In the United States, approximately 13% of our total full-time workforce were union members as of October 31, 2022. All union members in the United States work for our Aerospace segment. The collective bargaining agreements with our union members are generally renewed through contract renegotiation near the contract expiration dates. The MPC Employees Representative Union contract, which covered 710 members as of October 31, 2022, expires September 30, 2025. The Local Lodge 727-N International Association of Machinists and Aerospace Workers agreement, which covers 407 members as of October 31, 2022, expires April 23, 2024.

In Germany, approximately 12% of our total full-time workforce were union members as of October 31, 2022, all of whom work for our Industrial segment. Our Woodward L'Orange members are part of the IG Metall union in Germany. IG Metall covered 961 members as of October 31, 2022.

We believe we have good, collaborative relationships with our union members and the representative unions.

Almost all of our other members in the United States were at-will members as of October 31, 2022, and therefore, not subject to any type of employment contract or agreement. Our executive officers each have severance and change-in-control agreements which have been filed with the SEC.

Outside of the United States, we enter into employment contracts and agreements in those countries in which such relationships are mandatory or customary, including coordination through local works' councils. The provisions of these agreements correspond in each case with the required or customary terms in the subject jurisdiction.

Patents, Intellectual Property, and Licensing

We own numerous patents and other intellectual property, and have licenses for the use of patents and other intellectual property owned by others, which relate to our products and their manufacture. In addition to owning a large portfolio of intellectual property, we also license intellectual property to and from third parties. For example, the U.S. Government has certain rights in our patents and other intellectual property developed in performance of certain government contracts, and it may use or authorize others to use the inventions covered by such patents for government purposes as allowed by law.

Intellectual property not covered by patents (or patent applications) includes trade secrets and other technological know-how that is not patentable or for which we have elected not to seek patent protection, including intellectual property relating to our manufacturing processes and engineering designs. Such unpatented technology, including research, development and engineering technical skills and know-how, as well as unpatented software, is important to our overall business and to the operations of each of our segments.

While our intellectual property assets taken together are important, we do not believe our business or either of our segments would be materially affected by the expiration of any particular intellectual property right or termination of any particular intellectual property patent license agreement.

As of September 30, 2022, our Consolidated Balance Sheets includes \$460,580 of net intangible assets. This value represents the carrying values, net of amortization, of certain assets acquired in various business acquisitions and does not purport to represent the fair value of our acquired intellectual property as of September 30, 2022.

Environmental Matters and Climate Change

The Company is regulated by federal, state and international environmental laws governing our use, transport and disposal of substances and control of emissions. Compliance with these existing laws has not had a material impact on our capital expenditures, earnings or global competitive position.

We use hazardous materials and/or regulated materials in our manufacturing operations. We also own, operate, have acquired, and may in the future acquire facilities that were formerly owned and operated by others that used such materials. We believe the risk that a significant release of regulated materials has occurred in the past or will occur in the future cannot be completely eliminated or prevented. From time to time, we engage in environmental remediation activities, generally in coordination with other companies, pursuant to federal and state laws. In addition, we may be exposed to other environmental costs including participation in superfund sites or other similar jurisdictional initiatives. When it is reasonably probable that we will incur remediation costs at a site, and those costs can be reasonably estimated, we accrue a liability for such future costs with a related charge against our earnings. In formulating that estimate and recognizing those costs, we do not consider amounts expected to be recovered from insurance companies, or others, until such recovery is assured. Currently, we have no sites undergoing remediation.

Our manufacturing facilities generally do not produce volumes or quantities of byproducts, including greenhouse gases, that would be considered hazardous waste or otherwise harmful to the environment. We do not expect legislation currently pending or expected in the next several years to have a significant negative impact on our operations in any of our segments.

Domestic and foreign legislative initiatives on emissions control, renewable energy, and climate change tend to favorably impact the sale of our energy control products. For example, our Industrial segment produces energy control products that help our customers maximize engine efficiency and minimize wasteful emissions, including greenhouse gases.

Available Information

Through a link on the Investor Information section of our website, www.woodward.com, we make available, free of charge, the following filings as soon as reasonably practicable after they are electronically filed or furnished to the SEC: our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements on Schedule 14A, and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as well as Section 16 reports of our officers and directors. The Securities and Exchange Commission (the "SEC") also maintains a website that contains our SEC filings. The address of the site is www.sec.gov. We provide notifications of news or announcements regarding our financial performance, including SEC filings, investor events, press and earnings releases as part of our investor relations website. We have used, and intend to continue to use, our investor relations website, as well as the following as of the date of this filing, as means of disclosing material non-public information and for complying with the disclosure obligations under Regulation FD:

- Twitter: [@woodward_inc](https://twitter.com/woodward_inc)
- Facebook: [Facebook.com/woodwardinc](https://www.facebook.com/woodwardinc)
- Instagram: [@woodward_inc](https://www.instagram.com/woodward_inc)
- LinkedIn: [LinkedIn.com/company/woodward](https://www.linkedin.com/company/woodward)
- YouTube: [YouTube.com/user/woodwardinc](https://www.youtube.com/user/woodwardinc)

None of the information contained on our website, or the above-mentioned social media sites, is incorporated into this document by reference.

Item 1A.

Risk Factors

The following summarizes important factors that could individually, or together with one or more other factors, affect our business, results of operations, financial condition, and/or cash flows:

COVID-19 Pandemic Risks

The global COVID-19 pandemic (COVID-19) has led to significant volatility in virtually all product, service and economic markets, including financial markets, commodities (including oil and gas) and other industries (including the aviation industry), which has impacted our business, financial results and the achievement of our strategic objectives.

Global health concerns pertaining to COVID-19 and related government actions taken to reduce the spread of the virus and otherwise in response to the effects of the virus have impacted the economic environment, significantly increased economic uncertainty and reduced economic activity. The pandemic has also caused disruptions in global trade and labor markets. These have impacted global supply chain, which could impact the timeliness of shipments.

COVID-19 has adversely impacted, and will continue to adversely impact, our business, operations, financial condition, capital and results of operations. The extent of these impacts, particularly over time, depends on future developments, which are highly uncertain and difficult to predict, including, but not limited to, (i) the duration and magnitude of the pandemic, (ii) the actions taken to contain the virus or treat its impact, (iii) the impact of economic stimulus measures, and (iv) the extent to which economic and operating conditions and consumer and business spending return to their pre-pandemic levels.

The spread of COVID-19 has caused us to modify our business practices and operations, including enhancing our operations management teams and global supply chain to ensure the Company is efficiently utilizing inventory on hand, as well as increasing our internal processing capabilities. Moreover, we expect that the effects of the COVID-19 pandemic will heighten many of the other risks described herein.

Industry Risks

We operate in highly competitive industries and, if we are unable to compete effectively in one or more of our markets, our business, financial condition and results of operations will be adversely affected.

We face intense competition from a number of established competitors in the United States and abroad, some of which are larger in size or are divisions of large, diversified companies with substantially greater financial resources. In addition, global competition continues to increase. Changes in competitive conditions, including the availability of new technologies, products and services, the introduction of new channels of distribution, changes in OEM and aftermarket pricing, and further consolidation of companies in our industries, could impact our relationships with our customers and may adversely affect future sales and margins, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Further, the markets in which we operate experience rapidly changing technologies and frequent introductions of new products and services. The technological expertise we have developed and maintained could become less valuable if a competitor were to develop a breakthrough technology that would allow it to match or exceed the performance of existing technologies at a lower cost. If we are unable to develop competitive technologies, future sales or earnings could be lower than expected, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

A significant portion of our revenue is concentrated among a relatively small number of customers, which makes our business more vulnerable to fluctuations in sales to these customers and changes in their financial condition.

A significant portion of our revenue is concentrated among a relatively small number of customers. We have fewer customers than many companies with similar sales volumes. For the fiscal year ended September 30, 2022, sales to our largest 5 customers represented approximately 43% of our consolidated net sales and approximately 41% of our accounts receivable. If any of our significant customers were to change suppliers, in-source production, institute significant restructuring or cost-cutting measures, or experience financial distress, these significant customers may substantially reduce, or otherwise be unable to pay for, purchases from us. Accordingly, our consolidated net sales could decrease significantly, or we may experience difficulty collecting, or be unable to collect, amounts due and payable, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

In October 2018 and March 2019, two commercial aircraft accidents led to the grounding by the Federal Aviation Administration ("FAA") and other regulators of the Boeing 737 MAX aircraft, on which we have significant content. The grounding of the Boeing 737 MAX aircraft by the FAA and other regulators, which started in March of 2019 and continued through November 2020, caused deliveries of that aircraft to be zero in fiscal year 2020. As the aircraft return to service progresses, having been recertified in every jurisdiction except China, we anticipate a large majority of the deliveries missed in fiscal years 2019 through 2022 will be fulfilled in future periods, although at a slower rate than previously estimated. Although we anticipate a slow recovery of the OEM and a slightly better recovery of the initial provisioning sales as the aircraft's return to service progresses, the previous grounding of the Boeing 737 MAX could further decrease our OEM and initial provisioning sales for the 737 MAX and CFM LEAP engines in the near term, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

The long sales cycle, customer evaluation process, and implementation period of our products and services may increase the costs of obtaining orders and reduce the predictability of sales cycles and our inventory requirements.

Our products and services are technologically complex and require significant capital commitments. Prospective customers generally must commit significant resources to test and evaluate our products and to install and integrate them into larger systems. Accordingly, customers often require a significant number of product presentations and demonstrations before reaching a sufficient level of confidence in the product's performance and compatibility. In addition, orders expected in one quarter may shift to another quarter or be cancelled with little advance notice as a result of customers' budgetary constraints, internal acceptance reviews, and other factors affecting the timing of customers' purchase decisions. The difficulty in forecasting demand increases the challenge in anticipating sales cycles and our inventory requirements, which may cause us to over-produce finished goods and could result in inventory write-offs, or could cause us to under-produce finished goods. Any such over-production or under-production could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Our participation in a strategic joint venture with GE may make it more difficult to secure long-term sales in certain aerospace markets.

In January 2016, Woodward and GE, acting through its GE Aerospace business unit, consummated the formation of a strategic joint venture between Woodward and GE (the "JV"). The JV agreement does not restrict Woodward from entering into any market; however, consolidation in the aircraft engine market is increasingly prevalent, resulting in fewer engine manufacturers, and thus it may become more difficult for Woodward to secure new business with GE competitors on similar product applications both within and outside the specific JV market space. Additionally, if GE fails to win new content in the market space covered by the JV, Woodward may be prevented from expanding content on future commercial aircraft engines in those markets.

General Commercial, Financial, and Regulatory Risks

Suppliers may be unable to provide us with materials of sufficient quality or quantity to meet our production needs at favorable prices or at all which may adversely affect our revenue and margins.

We are dependent upon suppliers for parts and raw materials used in the manufacture of products that we sell to our customers, and our raw material costs are subject to commodity market fluctuations and were impacted by the current inflationary environment. We have experienced shortages of certain parts and raw materials due to the ongoing supply chain disruptions. We may continue to experience shortages of parts or raw materials for the same or other reasons, such as the loss of a significant supplier, high overall demand creating shortages in parts and supplies we use, financial distress, work stoppages, natural disasters, fluctuations in commodity prices, the imposition of tariffs or other duties, or production or distribution difficulties that may affect one or more of our suppliers. In some instances, we depend upon a single source of supply, manufacturing, or logistics support or participate in commodity markets that may be subject to allocations of limited supplies by suppliers. Some of our suppliers have experienced, and others may similarly experience, financial difficulties, delivery delays or other performance problems, and we have from time to time been, and may in the future be, unable to meet commitments to our customers and/or incur additional costs. Our customers rely on us to provide on-time delivery and have certain rights if our delivery standards are not maintained. A significant increase in our supply costs, including for raw materials that are subject to commodity price fluctuations, inflationary pressures, and/or the imposition of tariffs, or a protracted interruption of supplies for any reason, could result in the delay of one or more of our customer contracts, increase our costs, result in lost revenue or could damage our reputation and relationships with customers. In addition, quality and sourcing issues that our suppliers may experience can also adversely affect the quality and effectiveness of our products and services and may result in liability or reputational harm to us. Any of these events could have a material adverse effect on our business, financial condition, results of operations, and cash flow.

Our profitability may suffer if we are unable to manage our expenses in connection with sales increases, sales decreases, or if we experience change in product mix.

Some of our expenses are relatively fixed in relation to changes in sales volume and are difficult to adjust in the short term. Expenses driven by business activity other than sales level and other long-term expenditures, such as fixed manufacturing costs, capital expenditures and research and development expenses may be difficult to reduce in a timely manner in response to a reduction in sales. In periods of rapid sales increases it may be difficult to quickly increase our production of finished goods because of our long manufacturing lead times. If a sudden, unanticipated need for raw materials, components and labor arises, we could experience difficulties in sourcing these items at a favorable cost, in sufficient quantities or at all. These factors could result in delays in fulfilling customer sales contracts, lost revenue, damage to our reputation and relationships with our customers, and an inability to meet market demand, which in turn could prevent us from taking advantage of business opportunities or responding to competitive pressures and could result in an increase in costs leading to a decrease in net earnings or even net losses. In addition, we sell products that have varying profit margins, and fluctuations in the mix of sales of our various products may affect our overall profitability.

Reductions, delays or changes in U.S. Government spending could adversely affect our business.

Sales made directly to U.S. Government agencies and entities, or indirectly through third party manufacturers, such as tier-one prime contractors, utilizing Woodward parts and subassemblies, accounted for approximately 23% of total sales in fiscal year 2022 and 29% in fiscal year 2021.

The U.S. Government participates in a wide variety of operations, including homeland defense, counterinsurgency, counterterrorism, and other defense-related operations that employ our products and services. U.S. defense spending has historically been cyclical in nature and is subject to periodic congressional authorization and appropriation actions. The level of U.S. defense spending may be impacted by numerous factors outside of our control such as changes in the perceived threat environment, U.S. foreign policy, changes in security, defense, and intelligence priorities, shifts in domestic and international spending and tax policy, budget deficits and competing budget priorities, and the overall economic and political environment.

Defense budgets tend to rise when perceived threats to national security increase the level of concern over the country's safety, but we can provide no assurance that an increase in defense spending will be allocated to programs that would benefit our business. Decreases in U.S. Government defense spending, changes in the spending allocation, phase-outs or terminations of certain aerospace and defense programs on which we have content could have a material adverse effect on our sales unless they are offset by other aerospace and defense programs and opportunities. If the priorities of

the U.S. Government change and/or defense spending is reduced, this may adversely affect our business, financial condition, results of operations, and cash flows.

Our business may be adversely affected by risks unique to government contracting.

Our contracts with the U.S. Government are subject to certain unique risks, including the risks set forth below, some of which are beyond our control, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

- Our U.S. Government contracts and the U.S. Government contracts of our customers are subject to modification, curtailment or termination by the government, either for the convenience of the government or for default as a result of a failure by us or our customers to perform under the applicable contract. If any of our contracts are terminated by the U.S. Government, our backlog would be reduced, in accordance with contract terms, by the expected value of the remaining work under such contracts. In addition, we are not the prime contractor on most of our contracts for supply to the U.S. Government, and the U.S. Government could terminate a prime contract under which we are a subcontractor, irrespective of the quality of our products and services as a subcontractor.
- We must comply with procurement laws and regulations relating to the formation, administration and performance of our U.S. Government contracts and the U.S. Government contracts of our customers. The U.S. Government may change procurement laws and regulations from time to time. A violation of U.S. Government procurement laws or regulations, a change in U.S. Government procurement laws and regulations, or a termination arising out of our default could expose us to liability, debarment, or suspension and could have an adverse effect on our ability to compete for future contracts and orders.
- We are subject to government inquiries, audits and investigations due to our business relationships with the U.S. Government and the heavily regulated industries in which we do business. In addition, our contract costs are subject to audits by the U.S. Government, U.S. Government agencies, including the Defense Contract Audit Agency and the Defense Contract Management Agency, routinely audit government contractors and subcontractors. These agencies review our performance under contracts, cost structure and compliance with applicable laws, regulations, and standards, as well as the adequacy of and our compliance with our internal control systems and policies. Any costs found to be misclassified or inaccurately allocated to a specific contract would be deemed non-reimbursable, and to the extent already reimbursed, would be refunded. Any inadequacies in our systems and policies could result in withholdings on billed receivables, penalties and reduced future business. Any inquiries or investigations, including those related to our contract pricing, could potentially result in civil and criminal penalties and administrative sanctions, including termination of contracts, forfeiture of profits, suspension of payments, fines, suspension, and/or debarment from participating in future business opportunities with the U.S. Government. Such actions could harm our reputation, even if such allegations are later determined to be unfounded, and could have a material adverse effect on our business, results of operations, financial condition and cash flows.

Our debt obligations and the restrictive covenants in the agreements governing our debt could limit our ability to operate our business or pursue our business strategies, could adversely affect our business, financial condition, results of operations, and cash flows, and could significantly reduce stockholder benefits from a change of control event.

As of September 30, 2022, our total debt was \$777.416, including \$550,000 in unsecured notes denominated in U.S. dollars issued in private placements and \$156,793 of unsecured notes denominated in Euros issued in private placements. We are obligated to make interest and scheduled principal payments under the agreements governing our long-term debt, which requires us to dedicate a portion of our cash flow from operations to payments on our indebtedness, and which may reduce the availability of our cash flow for other purposes, including business development efforts and mergers and acquisitions. These debt obligations could make us more vulnerable to general adverse economic and industry conditions and could limit our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate, thereby placing us at a disadvantage to our competitors that have less indebtedness. Further, we may require additional capital to repay our debt obligations when they mature, and such capital may not be available on terms acceptable to us or at all.

Our existing revolving credit facility and note purchase agreements impose financial covenants on us and our subsidiaries that require us to maintain certain leverage ratios and minimum levels of consolidated net worth. Certain of these agreements require us to repay outstanding borrowings with portions of the proceeds we receive from certain sales of property or assets and specified future debt offerings.

These financial covenants place certain restrictions on our business that may affect our ability to execute our business strategy successfully or take other actions that we believe would be in the best interests of our Company. These covenants include limitations or restrictions, among other things, on our ability and the ability of our subsidiaries to:

- incur additional indebtedness;
- pay dividends or make distributions on our capital stock or certain other restricted payments or investments;
- purchase or redeem stock;
- issue stock of our subsidiaries;
- make domestic and foreign investments and extend credit;
- engage in transactions with affiliates;
- transfer and sell assets;
- effect a consolidation or merger or sell, transfer, lease, or otherwise dispose of all or substantially all of our assets; and
- create liens on our assets to secure debt.

These agreements contain certain customary events of default, including certain cross-default provisions related to other outstanding debt arrangements. Any breach of the covenants under these agreements or other event of default could cause a default under these agreements and/or a cross-default under our other debt arrangements, which could restrict our ability to borrow under our revolving credit facility. If there were an event of default under certain provisions of our debt arrangements that was not cured or waived, the holders of the defaulted debt may be able to cause all amounts outstanding with respect to the debt instrument, plus any required settlement costs, to be due and payable immediately. Our assets and available cash balances may not be sufficient to fully repay borrowings under our outstanding debt instruments if accelerated upon an event of default. If we are unable to repay, refinance, or restructure our indebtedness as required, or amend the covenants contained in these agreements, the lenders or note holders may be entitled to obtain a lien or institute foreclosure proceedings against our assets. Any of these events could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Additional tax expense or additional tax exposures could impact our future profitability.

We are subject to income taxes in both the United States and jurisdictions outside of the United States. Our tax liabilities are dependent upon the distribution mix of operating income among these different jurisdictions. Our tax expense includes estimates of additional tax that may be incurred and reflects various estimates, projections, and assumptions that could impact the valuation of our deferred tax assets and liabilities. Our future operating results could be adversely affected by changes in the effective tax rate, which could be caused by, among other things:

- changes in the mix of earnings in countries with differing statutory tax rates;
- changes in our overall profitability;
- changes in rules or interpretations of existing tax laws;
- changes in U.S. federal tax legislation and tax rates;
- changes in state or non-U.S. government tax legislation and tax rates;
- changes in tax incentives;
- changes in U.S. GAAP;
- changes in the projected realization of deferred tax assets and liabilities;
- changes in management's assessment of the amount of earnings indefinitely reinvested offshore;
- changes in management's intentions regarding the amount of earnings reinvested offshore; and
- the results of audits and examinations of previously filed tax returns and continuing assessments of our tax exposures.

We derive a significant amount of revenue and obtain components from outside of the United States; accordingly, we are subject to the risks inherent in doing business in other countries.

In fiscal year 2022, approximately 45% of our total sales were made to customers in jurisdictions outside of the United States (including products manufactured in the United States and sold outside the United States as well as products manufactured in international locations). We also purchase raw materials and components from suppliers outside the United States. Accordingly, our business and results of operations are subject to risks associated with doing business internationally, including:

- transportation delays and interruptions;
- political, social and economic instability and disruptions;
- acts of terrorism or war;
- the imposition of taxes, import and export controls, duties and tariffs, embargoes, sanctions and other trade restrictions;
- fluctuations in currency exchange rates;
- changes in regulatory environments;
- cost of compliance with increasingly complex and often conflicting regulations governing various matters worldwide;
- cost of labor, labor shortages and other changes in labor conditions;
- the potential for nationalization of enterprises;
- potential limitations on the Company's ability to enforce legal rights and remedies, including protection of intellectual property;
- difficulty of enforcing agreements and collecting receivables through some foreign legal systems;
- potentially adverse tax consequences, including limitations on repatriations of earnings; and
- difficulties in implementing restructuring actions on a timely basis.

The implementation of tariffs (such as those implemented by the United States and China in recent years) could increase the cost of certain commodities and/or limit their supply. Over the longer term, tariffs could significantly increase our costs and our ability to pass such increased costs along to our customers may be limited, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We are subject to and must comply with U.S. laws restricting or otherwise prohibiting companies from doing business in certain countries, including those on exports imposed under the U.S. Export Control Laws and Sanctions Programs. These laws and regulations change from time to time and may restrict sales to other countries or parties.

We are subject to the U.S. Foreign Corrupt Practices Act ("FCPA") and similar anti-bribery and anti-corruption laws and regulations in other jurisdictions generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business or securing an improper business advantage. We operate in many parts of the world and sell to industries that have experienced corruption to some degree. If we are found to be liable for FCPA or other similar anti-bribery law or regulatory violations, we could be subject to civil and criminal penalties or other sanctions that could have a material adverse impact on our business, financial condition, results of operations and cash flows.

Also, a material disruption to the financial institutions with whom we transact business could have a material adverse effect on our international operations or on our business, financial condition, results of operations, and cash flows.

Changes in the estimates of fair value of reporting units or of long-lived assets, particularly goodwill, may result in future impairment charges, which could have a material adverse effect on our business, financial condition, and results of operation.

Over time, the fair values of long-lived assets change. At September 30, 2022, we had \$772,559 of goodwill, representing 20% of our total assets. We test goodwill for impairment at the reporting unit level on at least an annual basis or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. Future goodwill impairment charges may occur if estimates of fair values decrease, which would reduce future earnings. Future asset impairment charges may occur if asset utilization declines, if customer demand decreases, or for a number of other reasons, which would reduce future earnings. Any such impairment charges could have a material adverse effect on our business, financial condition and results of operations.

There can be no assurance that our estimates and assumptions of the fair value of our reporting units, the current economic environment, or the other inputs used in forecasting the present value of forecasted cash flows used to estimate the fair value of our reporting units will prove to be accurate projections of future performance, and any material error in our estimates and assumptions, could result in us needing to take a material impairment charge, which would have the effects discussed above.

Our financial and operating performance depends on continued access to a stable workforce and on favorable labor relations with our employees.

Due to the specialized nature of our business, competition for technical personnel is intense and our future performance is highly dependent on our ability to hire, train, assimilate, and retain a qualified workforce. Additionally, it is important we hire and retain personnel with relevant experience in local laws, regulations, customs, traditions and business practices to support our international operations. Our ability to hire, train, assimilate and retain a qualified workforce has been impacted by the ongoing labor market disruptions. There is no assurance that we will continue to be successful in recruiting qualified employees in the future. Further, approximately 13% of our workforce in the United States is unionized, and certain of our operations in the United States and internationally involve different employee/employer relationships and the existence of works' councils. We periodically need to renegotiate our collective bargaining agreements, and any failure to negotiate new agreements or extensions in a timely manner could result in work stoppages or slowdowns. Any significant increases in labor costs, deterioration of employee relations, including any conflicts with works' councils or unions, or slowdowns or work stoppages at any of our locations, whether due to employee turnover, changes in availability of qualified technical personnel, failure to have a collaborative and effective relationship with our employees, including our union employees, or an effective collective bargaining agreement in place with our union employees, or otherwise, could impair our ability to supply products or fulfill orders, and could otherwise have a material adverse effect on our business, our relationships with customers, and our financial condition, results of operations, and cash flows.

Our operations and suppliers may be subject to physical and other risks that could disrupt our operations.

Our operations and sources of supply could be disrupted by unforeseen events, including fires, tornadoes, tsunamis, hurricanes, earthquakes, floods and other forms of severe weather in countries in which we operate or in which our suppliers are located, any of which could adversely affect our operations and financial performance. Natural disasters, public health concerns, war, political unrest, terrorist activity, equipment failures, power outages, or other unforeseen events could result in physical damage to or other disruption of, and complete or partial closure of, one or more of our manufacturing facilities, or could cause temporary or long-term disruption in the supply of component products from some local and international suppliers, disruption in the transport of our products and significant delays in the shipment of products and the provision of services, which could in turn cause the loss of sales and customers. Existing insurance arrangements may not provide protection for all the costs that may arise from such events. Accordingly, disruption of our operations or the operations of a significant supplier could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Our intellectual property rights may not be sufficient to protect all our products or technologies and we may, regardless of intent, infringe on the intellectual property rights of others.

Our success depends in part on our ability to obtain patents or rights to patents, protect trade secrets and know-how, and prevent others from infringing on our patents, trademarks, and other intellectual property rights. We cannot be certain that our pending patent applications will result in the issuance of patents to us, that patents issued to or licensed by us in the past or in the future will not be challenged or circumvented by competitors, or that these patents will be found to be valid or sufficiently broad to preclude our competitors from introducing technologies similar to those covered by our patents and patent applications. Some of our intellectual property is not covered by patents (or patent applications) and includes trade secrets and other know-how that is not patentable or for which we have elected not to seek patent protection, including intellectual property relating to our manufacturing processes and engineering designs. We will be able to protect our intellectual property from unauthorized use by third parties only to the extent that it is covered by valid and enforceable patents, trademarks, licenses or other valid intellectual property rights. Patent protection generally involves complex legal and factual questions and, therefore, enforceability of patent rights cannot be predicted with certainty; thus, any patents that we own or license from others may not provide us with adequate protection against competitors. Moreover, the laws of certain foreign jurisdictions do not recognize intellectual property rights or protect them to the same extent as do the laws of the United States.

Additionally, our current or future technologies may, regardless of our intent, infringe upon the patents or violate other proprietary rights of third parties. In the event of such infringement or violation, we may face expensive litigation or indemnification obligations and may be prevented from selling existing products and pursuing product development or commercialization. If we are unable to sufficiently protect our patent and other proprietary rights or if we infringe on the patent or proprietary rights of others, our business, financial condition, results of operations, and cash flows could be materially adversely affected.

Amounts accrued for contingencies may be inadequate to cover the amount of loss when the matters are ultimately resolved.

We are currently involved or may become involved in legal, regulatory and other proceedings arising in the ordinary course of business. These proceedings may include, without limitation, product liability matters, intellectual property matters, contract disputes or claims, pending or threatened litigation, governmental investigations, as well as employment, tax, environmental, or other matters. There is no certainty that the results of these matters will be favorable to the Company. We accrue for known individual matters if we believe it is probable that the matter will result in a loss when ultimately resolved using estimates of the most likely amount of loss. There may be additional losses that have not been accrued, or liabilities may exceed our estimates, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Our business and operations may be adversely affected by cybersecurity breaches or other information technology system or network interruptions or intrusions.

We depend heavily on information technology ("IT") and computerized systems to communicate and operate effectively. We store sensitive data including proprietary business information, intellectual property, classified information, customer information, supplier information, and confidential employee or other personal data on our servers and databases. Also, due to political uncertainty and military actions associated with the conflict between Russia and Ukraine, we are vulnerable to heightened risks of cybersecurity incidents and security breaches initiated by nation-state or affiliated actors.

From time to time, we have experienced cyberattacks on our IT infrastructure and systems. We may become the target of cyber-attacks by third parties seeking unauthorized access to our data or our customers' data or to disrupt our operations or our ability to provide services. There is also a danger of loss, misuse, theft, unavailability, or unauthorized disclosure or other processing of information or assets (including source code), or damage to or other compromise of systems, components and other IT assets, including the introduction of malicious code or other vulnerabilities by people who obtain unauthorized access to our facilities, systems or information. There are many different techniques used to obtain unauthorized access to systems and data, and such techniques continue to evolve and become more sophisticated, and the adversaries are becoming more advanced, including nation states and actors sponsored by or affiliated with nation states, which target us and other defense contractors because we protect national security information, and other actors with substantial financial and technological resources. These techniques include, but are not limited to, the use of malicious software, destructive malware, ransomware, denial of service attacks, phishing and other means of social engineering, and other means of causing system or network disruptions, obtaining unauthorized access to data or systems, or causing other cybersecurity breaches and incidents. Additionally, system and service disruptions, and cybersecurity breaches or incidents, may result from employee or contractor error, negligence, or malfeasance. Due to the rapidly evolving threat environment and other factors, we may not be successful in defending against all such attacks. Further, due to the evolving nature of these security threats and the national security aspects of much of the data we protect, the full impact of any future security breach or incident cannot be predicted. We employ a number of measures, including technical security controls, employee training, comprehensive monitoring of our networks and systems, and maintenance of backup and protective systems. However, our IT infrastructure, systems, networks, products, solutions and services remain potentially vulnerable to numerous additional known or unknown threats. Additionally, there have been and may continue to be significant cyberattacks on, and other attempts to compromise the security of, the supply chain. We may experience security breaches or incidents resulting from tools, services, or other third-party components and security vulnerabilities within, or introduced by, such tools, services, or components.

If any of our IT infrastructure or systems are damaged, disrupted, or are impacted by security breaches or incidents, whether from cybersecurity attacks or other causes, or if we suffer any security breach or incident involving unauthorized access to, misuse, acquisition, disclosure, loss, alteration, or destruction of our data or other data we maintain or otherwise process, we could experience significant operational stoppages, disruptions, delays, and/or other detrimental impacts on our operations, and may face increased costs, including increased costs of implementing new data protection and security measures, policies, and procedures, and costs associated with remediating and otherwise responding to the security breach or incident. Any such security breach or incident or the perception that it has occurred, also may result in diminished competitive advantages through reputational damage and increased operational costs, regulatory investigations, proceedings, and orders, litigation or other demands, indemnity obligations, damages for contract breach, fines or penalties relating to actual or alleged violation of applicable laws, regulations, or contractual obligations, incentives offered to customers or other business partners in an effort to maintain business relationships, and other costs and liabilities. Such events could result in fines, penalties, litigation or governmental investigations and proceedings, diminished competitive advantages through reputational damages and increased operational costs, any of which could have a material adverse effect on our business, financial condition, results of operations, and cash flows. Further, any unauthorized disclosure or use or acquisition of our intellectual property and/or confidential business information could harm our competitive position, result in a loss of intellectual property protection, and otherwise reduce the value of our investment in research and development and other strategic initiatives or otherwise adversely affect our business.

Our insurance coverage may not be sufficient to compensate for all liability relating to any actual or potential disruption or other security breach or incident. We cannot be certain that our coverage will be adequate for liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that any insurer will not deny coverage as to any future claim. The successful assertion of one or more large claims against us that exceed available insurance coverage, or the occurrence of changes in our insurance policies, including premium increases or the imposition of large deductible or co-insurance requirements, could have a material adverse effect on our business, including our financial condition, operating results, and reputation.

Increasing emission standards that drive certain product sales may be eased or delayed, which could reduce our competitive advantage.

We sell components and systems that have been designed to meet strict emission standards, including standards that have not yet been implemented but are expected to be implemented soon. If these emission standards are eased, developed products may become unnecessary and/or our future sales could be lower as potential customers select alternative products or delay adoption of our products, which would have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Prices for fossil fuels may increase significantly and disproportionately to other sources of fuels used for power generation, which could reduce our sales and adversely affect our business, financial condition, results of operations, and cash flows.

Commercial producers of electricity use many of our components and systems, most predominately in their power plants that use natural gas as their fuel source. Commercial producers of electricity are often in a position to manage the use of different power plant facilities and make decisions based on operating costs. Compared to other sources of fuels used for power generation, natural gas prices have increased slower than fuel oil, but about the same as coal. This increase in natural gas prices and any future increases, whether in absolute dollars or relative to other fuel costs such as oil, could impact the sales mix of our components and systems, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Long-term reduced commodity prices for oil, natural gas, and other minerals may depress the markets for certain of our products and services, particularly those from our Industrial segment.

Many of our Industrial segment OEM and aftermarket customers and our Aerospace segment rotorcraft product lines' customers provide goods and services that support various industrial extraction activities, including mining, oil and gas exploration and extraction, and transportation of raw materials from extraction sites to refineries and/or processing facilities. Long-term lower prices for commodities such as oil, natural gas, gold, tin, and various other minerals could reduce exploration activities and place downward pressure on demand for our goods and services that support exploration and extraction activities.

Business Risks

Our product development activities may not be successful, may be more costly than currently anticipated, or we may not be able to produce newly developed products at a cost that meets the anticipated product cost structure.

Our business involves a significant level of product development activities, generally in connection with our customers' development activities. Industry standards, customer expectations, or other products may emerge that could render one or more of our products or services less desirable or obsolete. Additionally, our competitors may develop new technology, or more efficient ways to produce their existing products that could cause our existing products or services to become less desirable or obsolete. Maintaining our market position requires continued investment in research and development. During an economic downturn or a subsequent recovery, we may need to maintain our investment in research and development, which may limit our ability to reduce these expenses in proportion to a sales shortfall.

In addition, increased investments in research and development may divert resources from other potential investments in our business, such as acquisitions or investments in our facilities, processes and operations. If these activities are not as successful as currently anticipated, are not completed on a timely basis, or are more costly than currently anticipated, or if we are not able to produce newly developed products at a cost that meets the anticipated product cost structure, then our future sales, margins and/or earnings could be lower than expected, which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Product liability claims, product recalls or other liabilities associated with the products and services we provide may force us to pay substantial damage awards and other expenses that could exceed our accruals and insurance coverage.

The manufacture and sale of our products and the services we provide expose us to risks of product and other tort claims, and any resulting liability. We currently have and have had in the past product liability claims relating to our products, and we will likely be subject to additional product liability claims in the future for past, current and future products. Some of these claims may have a material adverse effect on our business, financial condition, results of operations and cash flows. We also provide certain services to our customers and are subject to claims with respect to the services provided. In providing such services, we may rely on subcontractors to perform all or a portion of the contracted services. It is possible that we could be liable to our customers for work performed by a subcontractor.

Regardless of the outcome, product liability claims can be expensive to defend, can divert the attention of management and other personnel for significant periods of time, and can cause reputational damage. While we believe that we have appropriate insurance coverage available to us related to any such claims, our insurance may not cover all liabilities or be available in the future at a cost acceptable to us. An unsuccessful result in connection with a product liability claim, where the liabilities are not covered by insurance or for which indemnification or other recovery is not available, could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

We may be unable to successfully execute or effectively integrate acquisitions, and divestitures may not occur as planned.

As part of our business strategy, we have pursued, and expect to pursue acquisitions of other companies and assets. The success of these transactions depends on, among other things, our ability to integrate these businesses into our operations and realize the planned synergies. Integration of acquired operations may take longer, or be more costly or disruptive to our business, than originally anticipated. The integration of these acquisitions may require significant attention from our management, and the diversion of management's attention and resources could have a material adverse effect on our ability to manage our business. We may also incur costs and divert management attention to acquisitions that are never consummated.

Difficulties in the integration of the acquired business may include consolidating the operations, processes and systems of the acquired business, retaining and motivating key management and employees, and integrating existing business relationships with suppliers and customers. Even if integration is successful, the financial and operational results may differ materially from our assumptions and forecasts due to unforeseen expenses, delays, conditions and liabilities. Evolving regulations such as changes in tax, trade, environmental, labor, safety, payroll or pension policies could increase the expected costs of acquisitions, and fluctuations in foreign currency exchange rates may impact the agreed upon purchase price. In addition, we may incur unanticipated costs or expenses following an acquisition, including post-closing asset impairment charges, expenses associated with eliminating duplicate facilities, and other liabilities.

Many of these factors are outside of our control and any one of them could result in increased costs, decreases in the amount of expected revenues, and diversion of management's time and attention. Failure to successfully implement our acquisition strategy, including successfully integrating acquired businesses, could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

We also may make strategic divestitures from time to time, such as the divestiture of our renewable power systems business and related businesses. These transactions may result in continued financial involvement in the divested businesses, such as through guarantees or other financial arrangements, following the transaction. Nonperformance by those divested businesses could affect our future financial results through additional payment obligations, higher costs or asset write-downs, any of which could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Our restructuring activities may increase our expenses and reduce our profitability, and may not have the intended effects.

From time to time, we have implemented restructuring and other actions designed to reduce structural costs, improve operational efficiency and position the Company for long-term profitable growth. Historically, our restructuring activities have included workforce management and other restructuring charges related to acquired businesses. Due to cost reduction measures or changes in the industries and markets in which we compete, we may decide to implement restructuring or alignment activities in the future, such as closing plants, moving production lines, or making additions, reductions or other changes to our management or workforce. These restructuring and/or alignment activities generally result in charges and expenditures that may adversely affect our financial results for one or more periods.

Restructuring and/or alignment activities can also create unanticipated consequences, such as instability or distraction among our workforce, and we cannot be sure that any restructuring or alignment efforts that we undertake will be successful. A variety of risks could cause us not to realize expected cost savings, including, among others, higher than expected severance costs related to staff reductions, higher than expected costs of closing plants, higher costs to hire new employees or delays or difficulty hiring the employees needed, higher than expected operating costs associated with moving production lines, delays in the anticipated timing of activities related to our cost-saving plan, and other unexpected costs associated with operating the business.

If we are unable to structure our operations in the light of evolving market conditions, it could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Our manufacturing activities may result in future environmental costs or liabilities.

We use hazardous materials and/or regulated materials in our manufacturing operations. We also own, operate, have acquired, and may in the future acquire facilities that were formerly owned and operated by others that used such materials. The risk that a significant release of regulated materials has occurred in the past or will occur in the future cannot be completely eliminated or prevented. As a result, we are subject to a substantial number of costly regulations and we must conform our operations to applicable regulatory requirements in all countries in which we operate. To the best of our knowledge, we have been and will be at all times, in complete compliance with all environmental requirements, or that we will not incur additional material costs or liabilities in connection with these requirements.

In addition, we may be subject to other environmental remediation costs such as participation in superfund sites or other similar jurisdictional initiatives. As a result, we may incur material costs or liabilities or be required to undertake future environmental remediation activities that could damage our reputation and have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Failure of our production lines, or those of our subcontractors, to meet required certification standards could disrupt production.

Our existing production lines, as well as the production lines of our subcontractors, are sometimes required to pass varying levels of qualification with certain of our customers. Some of our customers require that our production lines pass their specific qualification standards and that we, and any subcontractors that we may use, be registered under or certified to certain U.S. or international quality standards. We may be unable to obtain, maintain, or we may experience delays in obtaining, a certification or registration to a required quality standard. A delay in obtaining, or the failure to obtain a necessary quality certification or registration could result in significant out-of-sequence work and increased production costs, as well as delayed deliveries to customers, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following is a summary of our principal facilities as of September 30, 2022:

Country	Location	Plants	Owned/Leased	Segment	Purpose
United States	Fort Collins, CO	2	Owned	Aerospace & Industrial	Corporate Headquarters; Manufacturing and engineering
United States	Greenville, SC	1	Leased	Industrial	Manufacturing and engineering
United States	Loveland, CO	1	Leased	Aerospace & Industrial	Manufacturing and engineering
United States	Niles, IL	1	Owned	Aerospace	Manufacturing and engineering
United States	Rockford, IL	2	Owned	Aerospace	Manufacturing and engineering
United States	Santa Clarita, CA	1	Owned	Aerospace	Manufacturing and engineering
United States	Windsor, CO	1	Owned	Aerospace & Industrial	Manufacturing and engineering
United States	Zeland, MI	1	Owned	Aerospace	Manufacturing and engineering
Germany	Alten	1	Leased	Industrial	Manufacturing and engineering
Germany	Glatten	1	Owned	Industrial	Manufacturing
Germany	Stuttgart	2	Owned/Leased	Industrial	Engineering
Poland	Krakow	1	Owned	Aerospace & Industrial	Manufacturing and engineering
China	Tianjin	1	Leased	Industrial	Assembly

In addition to the principal plants listed above, we own or lease other facilities used primarily for sales, service activities, assembly, and/or engineering activities in Australia, Brazil, Bulgaria, China, India, Japan, the Netherlands, the Republic of Korea, Saudi Arabia, Singapore, the United Kingdom, Germany, and the United States.

Our principal plants are suitable and adequate for the manufacturing and other activities performed at those plants, and we believe our utilization levels are generally high.

Item 3. Legal Proceedings

Woodward is currently involved in pending or threatened litigation or other legal proceedings, investigations, claims and/or regulatory proceedings arising in the normal course of business, including, among others, those relating to product liability claims, employment matters, worker's compensation claims, contractual disputes, product warranty claims and alleged violations of various laws and regulations. Woodward accrues for known individual matters using estimates of the most likely amount of loss where it believes that it is probable the matter will result in a loss when ultimately resolved and such loss is reasonably estimable.

While the outcome of pending claims, legal and regulatory proceedings, and investigations cannot be predicted with certainty, management believes that any liabilities that may result from these claims, proceedings and investigations will not have a material effect on Woodward's liquidity, financial condition, or results of operations.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

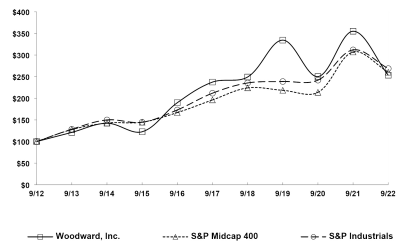
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on The NASDAQ Global Select Market and is traded under the symbol "WWD." At November 17, 2022, there were approximately 500 holders of record.

Performance Graph

The following graph compares the cumulative 10-year total return to stockholders on our common stock relative to the cumulative total returns of the S&P Midcap 400 Index and the S&P Industrials Index. The graph shows total stockholder return assuming an investment of \$100 (with reinvestment of all dividends) was made on September 30, 2012 in our common stock and in each of the two indexes and tracks relative performance through September 30, 2022. We have used a period of 10 years as we believe that our stock performance should be reviewed over a period that is reflective of our long-term business cycle.

COMPARISON OF 10 YEAR CUMULATIVE TOTAL RETURN*
Among Woodward, Inc., the S&P Midcap 400 Index and the S&P Industrials Index



*\$100 invested on 9/30/12 in stock or index, including reinvestment of dividends.

Fiscal year ending September 30.

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	9/12	9/13	9/14	9/15	9/16	9/17	9/18	9/19	9/20	9/21	9/22
Woodward, Inc.	\$ 100.00	\$ 121.19	\$ 142.36	\$ 122.62	\$ 189.82	\$ 237.50	\$ 249.23	\$ 334.50	\$ 250.23	\$ 355.10	\$ 253.47
S&P Midcap 400	100.00	127.68	142.77	144.76	166.95	196.19	224.07	218.48	213.76	307.14	260.30
S&P Industrials	100.00	128.50	150.07	144.59	173.13	211.83	235.52	238.79	241.95	312.02	268.75

The stock price performance included in this graph is not necessarily indicative of future stock price performance

Sales of Unregistered Securities

None.

Issuer Purchases of Equity Securities
(In thousands, except for share amounts)

Issuer Purchases of Equity Securities (In thousands, except for share and per share amounts)	Total Number of Shares Purchased	Weighted Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Maximum Number for Approximate Dollar Value) of Shares that may yet be Purchased under the Plans or Programs at Period End (1)
July 1, 2022 through July 31, 2022 (2)	387	\$ 104.70	—	\$ 399,025
August 1, 2022 through August 31, 2022 (2)	448,709	100.50	448,416	353,959
September 1, 2022 through September 30, 2022 (2)	13	80.26	—	353,959

- (1) In November 2019, our board of directors ("the Board") approved a stock repurchase program for the repurchase of up to 550,000 of Woodward's outstanding shares of common stock on the open market or in privately negotiated transactions over a three-year period that will end in November 2022 (the "2019 Authorization"). In January 2022, the Board terminated the 2019 Authorization and concurrently authorized a program for the repurchase of up to 580,000 of Woodward's outstanding shares of common stock on the open market or in privately negotiated transactions over a two-year period ending in January 2024 (the "2022 Authorization").
- (2) Under a trust established for the purposes of administering the Woodward Executive Benefit Plan, 387 shares of common stock were acquired in July 2022, 11 shares of common stock were acquired in August 2022, and 13 shares of common stock were acquired in September 2022 on the open market related to the deferral of compensation by certain eligible members of Woodward's management who irrevocably elected to invest some or all of their deferred compensation in Woodward common stock. In addition, 282 shares of common stock were acquired in August 2022 on the open market related to the reinvestment of dividends for shares of treasury stock held for deferred compensation. Shares owned by the trust, which is a separate legal entity, are included in "Treasury stock held for deferred compensation" in the Consolidated Balance Sheets.

Item 6. Reserved

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

Woodward enhances the global quality of life and sustainability by optimizing energy use through improved efficiency and lower emissions. We are an independent designer, manufacturer, and service provider of control solutions for the aerospace and industrial markets. We design, produce and service reliable, efficient, low-emission, and high-performance energy control products for diverse applications in challenging environments. We have production and assembly facilities primarily in the United States, Europe and Asia, and promote our products and services through our worldwide locations.

Our strategic focus is providing energy control and optimization solutions for the aerospace and industrial markets. The precise and efficient control of energy, including motion, fluid, combustion and electrical energy, is a growing requirement in the markets we serve, and we have developed and are executing on strategies to leverage the macro trends of eliminating greenhouse gases, commercializing space, and accelerating the digital age. To facilitate a cleaner, decarbonized world, we are partnering with our customers to enable their equipment to be more efficient, capable of utilizing clean burning fuels, advancing fuel cells, and the integration of renewable power in both commercial and defense operations. Our core technologies leverage well across our markets and customer applications, enabling us to develop and integrate cost-effective and state-of-the-art fuel, combustion, fluid, actuation and electronic systems. We focus primarily on serving OEMs and equipment packagers, partnering with them to bring superior component and system solutions to their demanding applications. We also provide aftermarket repair, maintenance, replacement and other service support for our installed products.

Our components and integrated systems optimize performance of commercial aircraft, defense aircraft, military ground vehicles and other equipment, gas and steam turbines, industrial diesel, gas, bio-diesel and dual-fuel reciprocating engines, and electrical power systems. Our innovative motion, fluid, combustion and electrical energy control systems help our customers offer more cost-effective, cleaner, and more reliable equipment.

Management's discussion and analysis should be read together with the Consolidated Financial Statements and Notes included in this report. Dollar and number of share amounts contained in this discussion and elsewhere in this Annual Report on Form 10-K are in thousands, except per share amounts.

Global Business Conditions

We continue to monitor a variety of external issues impacting our business, including ongoing global supply chain and labor disruptions, rising labor and material inflation, and unfavorable foreign currency exchange rates which together have led to a challenging industry-wide operating environment.

During fiscal year 2022, we continued to see recovery across our end markets with the exception of China. Our financial performance was adversely impacted by ongoing global supply chain and labor disruptions, rising labor and material inflation, and unfavorable foreign currency exchange rates. We are actively implementing strategies to mitigate our supply chain risk to better position us for future success. We also continue to assess the environment and are taking appropriate price actions in response to rising costs; however, the timing of many price increases can be delayed due to certain pre-existing contractual arrangements. We remain focused on operational excellence initiatives, talent development and innovation to help drive the company forward and create value for our shareholders. We are unable to predict the full extent to which these issues will continue to adversely impact our business, including our operational performance, results of operations, cash flows, financial position, and the achievement of our strategic objectives. Such uncertainty may affect our ability to accurately predict our future performance and financial results.

We continue to actively monitor the situation and may take further actions to alter our business operations if we determine such actions are in the best interests of our stockholders, employees, customers, communities, business partners, and suppliers. It is not currently clear what the potential effects of any such alterations or modifications may have on our business in future periods, including the effects on our customers, employees and prospects, or on our financial results.

The Russia-Ukraine Conflict

In February 2022, in response to the military conflict between Russia and Ukraine, the United States, other North Atlantic Treaty Organization ("NATO") members, and certain non-member countries announced targeted economic sanctions on Russia and Russian enterprises. The continuation of the conflict may trigger additional economic and other sanctions enacted by the United States, other NATO member states, and other countries. Sales to Russia were less than 1% of our total sales during fiscal years 2022, 2021, and 2020, respectively. While the impact of any additional bans, sanction

programs, and boycotts is uncertain at the current time due to the fluid nature of the military conflict as it continues to unfold, the impacts of the conflict have included and could continue to include supply chain and logistics disruptions, volatility in foreign exchange rates and interest rates, inflationary pressures on raw materials and energy, heightened cybersecurity threats, and other potential impacts.

PM Control Acquisition

On August 2, 2022, we entered into a series of Purchase Agreements with one of our Asia Pacific channel partners, PM Control PLC (the "PM Agreements"). Pursuant to the PM Agreements, we agreed to acquire business assets and shares of stock of PM Control PLC and its affiliates (collectively "PM Control"), for a total consideration (excluding cash acquired from the acquisition and including the settlement of pre-existing relationships) of \$22,299 (the "PM Acquisition"). The PM Acquisition closed on the end of business day August 31, 2022 (the "PM Closing") and PM Control became a wholly owned subsidiary of the Company.

Financial information for PM Control is reflected in our financial statements from the date of the PM Closing. The comparison of results for fiscal year 2022 to fiscal years 2021 and 2020 will not be affected, as the amounts included in our financial statements for fiscal year 2022 are immaterial.

BUSINESS ENVIRONMENT AND TRENDS

We serve the aerospace and industrial markets.

Aerospace Markets

Our aerospace products and systems are primarily used to provide propulsion, actuation and motion control in both commercial and defense fixed-wing aircraft, rotorcraft, guided weapons, and other defense systems.

Commercial and Civil Aircraft – In the commercial aerospace markets, global air traffic continued to recover and grow in fiscal year 2022, though it remains below the historically high levels of pre-pandemic years. Commercial aircraft production has slowly increased, as aircraft OEMs continued to ramp from post-COVID production levels. We expect commercial aircraft production to continue to increase and to exceed pre-COVID production levels in the coming years. Aircraft operators are taking delivery of next generation aircraft models to meet the growing demand for passenger air travel, the need to replace aging aircraft, and the demand for more fuel efficient and lower emission aircraft. The trend toward the newer generation of aircraft that have recently entered service or are scheduled to go into production over the next several years favors our product offerings because we have more content on those aircraft. We expect production levels to continue to grow due to solid OEM order backlogs for the new aircraft models and pent-up demand. Demand in the business and general aviation market improved in fiscal year 2022 as business jet deliveries were up because of the introduction of some new models, reduced availability of used aircraft, and improving corporate profitability. Turboprop and helicopter deliveries also improved in fiscal year 2022 in part due to increasing oil prices and overall financial market improvements. We expect business jet, turboprop and helicopter deliveries to further improve in fiscal year 2023 as aircraft operations continue to recover.

We have content on the Airbus A220, A320neo, and A330neo, Bell 429, Boeing 737 MAX, 777, 787, and 747-8. We have been awarded content on the 777-9, the Comac C919, and a variety of business jet platforms, among others. We continue to explore opportunities on new engine and aircraft programs that are under consideration or have been recently announced.

The Boeing 737 MAX has returned to service in every jurisdiction except China. As the aircraft's return to service progresses, we anticipate a large majority of the deliveries missed in fiscal year 2019 through 2022 will be fulfilled in future periods, although at a slower rate than previously estimated. The continuing return to service of the 737 MAX aircraft in many jurisdictions contributed to positive impacts on OEM sales, and initial provisioning sales related to the 737 MAX aircraft and CFM LEAP engine have begun to come through. We anticipate further recovery of OEM 737 MAX sales in fiscal year 2023.

Defense – In recent years, the defense industry has been strong as budgetary allocations have generally increased since 2016. The conflict in Ukraine and its influence on European defense postures are pressuring global defense budgets upward. The U.S. National Defense Authorization Act for fiscal year 2022 resulted in higher levels of funding for both procurement and research and development, and we believe budget increases in recent years will support growth in fiscal year 2023, with the exception of our guided tactical weapons programs. Our involvement with a wide variety of defense programs in fixed-wing aircraft, rotorcraft and weapons systems has provided relative stability for our defense market sales, as some newer programs increase (e.g., F-35 Lightning II, KC-46A Tanker, and T-7A Trainer), some legacy programs are

decreased (e.g., F/A-18 E/F Super Hornet and V-22 Osprey). Other programs are relatively steady (e.g., UH-60 Black Hawk and A-64 Apache helicopter programs) and some legacy programs, such as the F-15, will maintain or potentially increase production. Weapons programs for which we have significant sales include the Joint Direct Attack Munition ("JDAM"), Small Diameter Bomb ("SDB") and AIM-9X guided tactical weapon systems. We expect overall production rates to decrease for some of these weapons programs due to anticipated decline in demand, compared to the very strong production rates in recent years.

Aftermarket – Our commercial aftermarket business has increased in fiscal year 2022, as global air traffic continued to recover and grow from its pandemic lows in fiscal year 2020, and because our products have been selected for new aerospace platforms and our content has increased across existing platforms. With the entry into service of the new single aisle aircraft (Boeing 737 MAX and Airbus A320neo), we have seen a significant increase in initial provisioning sales to the operators of these new aircraft. As new aircraft production levels increase to accommodate rising passenger demand and to mitigate higher operating costs driven largely by higher fuel costs on older and less fuel-efficient aircraft, we expect airlines will retire older generation aircraft as they reach certain age thresholds (typically around twenty-five years on average). However, in the past few years, aircraft retirements have decreased because passenger demand has outpaced deliveries of next generation aircraft, forcing older generation legacy aircraft to remain in service longer than anticipated. This has led to increased demand—for repairs and spare parts for older engine programs remaining in service—consistent with air traffic recovery from the post-COVID-19 low levels. This dynamic applies to commercial aftermarket related to repairs and spare parts for mature legacy programs with large in-service fleets, such as the Airbus A320 and the Boeing 777.

Our defense aftermarket was down during fiscal year 2022 due to global supply chain and labor disruptions. Global conflicts and growing international demand for various other military programs continue to drive demand for operations of defense aircraft, including fighter jets, transports and both utility and attack rotorcraft, which are all supported by our products and systems. Although we expect variability, which is generally attributable to the cycling of various maintenance and upgrade programs, as well as actual usage, our outlook for the defense aftermarket is strong. This is due primarily to growing fleets, the service lives of existing military programs being extended and increased demand for repairs and spare parts for older military aircraft programs remaining in service.

Space – Many new space launches and mission equipment opportunities are being driven by commercial space launch and satellite providers, who are rapidly increasing their investment and participation in these markets.

Industrial Markets

Our industrial products are used worldwide in various types of turbine and reciprocating engine-powered equipment, including electric power generation and distribution systems, ships, locomotives, compressors, pumps, and other mobile and industrial machines.

Industrial Turbines – The demand for industrial gas turbines for power generation, which consists mainly of heavy frames, aero derivatives, and steam, increased in fiscal year 2022 due to increased new unit build rates and high utilization of the in-service fleet driving the current and future marine aftermarket activity, and strong demand for power generation and process industries, particularly in Asia. Start reliability, fuel flexibility, safety, and part-load efficiency are all key drivers of the turbine market as the conversion from coal to natural gas usage continues, and we believe Woodward continues to be well positioned to meet these market needs on the existing and next generation turbines. We project continued growth as demand for electricity is met through a balance of renewable power sources and newer industrial gas turbines for which Woodward has been awarded increased content.

Reciprocating Engines – Woodward's key markets for industrial engine control technologies and fuel system equipment are power generation, transportation (including compressed natural gas and liquefied natural gas trucks in Asia, mining, and marine shipping), and oil and gas. Due to higher gas prices and global supply chain and labor disruptions, powerplant operations have transitioned to higher liquid fuel use, thereby increasing the demand for our products. The demand from internet traffic and data storage is driving demand for data center power generation. While demand growth for reciprocating engines in fiscal year 2022 was supported by aftermarket demand and investment into new highspeed equipment, we anticipate strong demand in fiscal year 2023 for new highspeed engines and new marine engines. We expect market share gains by our customers and increased scope on the next generation reciprocating engines as energy policies in some countries encourage the use of compressed natural gas, liquefied natural gas, and other alternative fuels over carbon-rich petroleum fuels, which we expect will drive increased demand for our alternative fuel clean engine control technologies.

RESULTS OF OPERATIONS
Financial Highlights

	Year Ended September 30,	
	2022	2021
Net sales:		
Aerospace segment	\$ 1,519,322	\$ 1,404,117
Industrial segment	\$ 963,468	\$ 841,715
Consolidated net sales	\$ 2,382,790	\$ 2,245,832
Earnings:		
Aerospace segment	\$ 230,933	\$ 234,356
Segment earnings as a percent of segment net sales	15.2%	16.7%
Industrial segment	\$ 82,788	\$ 108,672
Segment earnings as a percent of segment net sales	8.6%	12.9%
Consolidated net earnings	\$ 173,698	\$ 208,649
Adjusted net earnings	\$ 173,823	\$ 212,385
Effective tax rate	14.1%	15.1%
Adjusted effective tax rate	14.3%	15.3%
Consolidated diluted earnings per share	\$ 2.71	\$ 3.18
Consolidated adjusted diluted earnings per share	\$ 2.75	\$ 3.24
Earnings before interest and taxes ("EBIT")	\$ 232,639	\$ 278,586
Adjusted EBIT	\$ 235,463	\$ 283,594
Earnings before interest, taxes, depreciation, and amortization ("EBITDA")	\$ 353,257	\$ 408,110
Adjusted EBITDA	\$ 356,091	\$ 413,118

Adjusted net earnings, adjusted earnings per share, adjusted effective tax rate, EBIT, adjusted EBIT, EBITDA, and adjusted EBITDA are non-U.S. GAAP financial measures. A description of these measures as well as a reconciliation of these non-U.S. GAAP financial measures to the closest U.S. GAAP financial measures can be found under the caption "Non-U.S. GAAP Measures" in this Item 7 – Management's Discussion and Analysis of Financial Conditions and Results of Operations.

Liquidity Highlights

Net cash provided by operating activities for fiscal year 2022 was \$193,638, compared to \$464,669 for fiscal year 2021. The decrease in net cash provided by operating activities in fiscal year 2022 compared to fiscal year 2021 is primarily attributable to production delays from global supply chain disruptions as well as increases in working capital (excluding cash) to support the growth we anticipate in the next fiscal year.

For fiscal year 2022, free cash flow, which we define as net cash flows from operating activities less payments for property, plant and equipment, was \$140,770, compared to \$426,980 for fiscal year 2021. Adjusted free cash flow, which we define as free cash flow, plus the payments for costs related to business development activities and restructuring activities, was \$144,257. No adjustments were made to free cash flow for fiscal year 2021. The decrease in free cash flow for fiscal year 2022 as compared to the prior fiscal year was primarily due to production delays from supply chain disruptions as well as increases in working capital (excluding cash) to support the growth we anticipate in the next fiscal year, higher payments for property, plant and equipment and lower earnings. Free cash flow and adjusted free cash flow are non-U.S. GAAP financial measures. A description of these measures as well as a reconciliation of these non-U.S. GAAP financial measures to the closest U.S. GAAP financial measures can be found under the caption "Non-U.S. GAAP Measures" in this Item 2 – Management's Discussion and Analysis of Financial Conditions and Results of Operations.

At September 30, 2022, we held \$107,844 in cash and cash equivalents and had total outstanding debt of \$777,416 with additional borrowing availability of \$923,506, net of outstanding letters of credit, under our revolving credit agreement. At September 30, 2022, we also had additional borrowing capacity of \$27,266 under various foreign lines of credit and foreign overdraft facilities.

Consolidated Statements of Earnings and Other Selected Financial Data

The following table sets forth consolidated statements of earnings data as a percentage of net sales for each period indicated:

	Year Ended September 30,			
	2022		2021	
		% of Net Sales		% of Net Sales
Net sales	\$ 2,382,790	100%	\$ 2,245,832	100%
Costs and expenses:				
Cost of goods sold	1,857,485	78.0	1,694,774	75.5
Selling, general, and administrative expenses	203,005	8.5	186,866	8.3
Research and development costs	115,782	5.0	117,051	5.2
Restructuring charges	(3,420)	(0.1)	5,008	0.2
Interest expense	34,545	1.4	34,282	1.5
Interest income	(1,814)	(0.1)	(1,455)	(0.1)
Other expense (income), net	(26,691)	(1.1)	(36,493)	(1.6)
Total costs and expenses	2,182,892	91.6	2,000,031	89.1
Earnings before income taxes	199,898	8.4	245,799	10.9
Income tax expense	28,200	1.2	37,150	1.7
Net earnings	\$ 171,698	7.2	\$ 208,649	9.3

Other select financial data:

	September 30, 2022		September 30, 2021	
Working capital	\$	772,856	\$	1,098,466
Total debt		777,416		734,122
Total stockholders' equity		1,901,122		2,214,781

2022 RESULTS OF OPERATIONS**2022 Net Sales Compared to 2021**

Consolidated net sales for fiscal year 2022 increased by \$136,958, or 6.1%, compared to fiscal year 2021.

Details of the changes in consolidated net sales are as follows:

Consolidated net sales for the year ended September 30, 2021	\$	2,245,832
Aerospace volume		65,302
Industrial volume		64,007
Noncash consideration		(5,816)
Effects of changes in price and sales mix		67,669
Effects of changes in foreign currency rates		(54,218)
Consolidated net sales for the year ended September 30, 2022	\$	2,382,790

The increase in consolidated net sales for fiscal year 2022 compared to the prior fiscal year is primarily due to an increase in Aerospace sales volume, the impact of price increases, as well as increases in Industrial volume, partially offset by unfavorable foreign currency impacts.

In the Aerospace segment, the increase in net sales for fiscal year 2022 as compared to fiscal year 2021 was primarily attributable to a significant increase in commercial OEM and aftermarket sales driven by higher OEM aircraft production rates and increasing aircraft utilization, partially offset by lower defense aftermarket sales primarily driven by global supply chain and labor disruptions. As of September 30, 2022, Aerospace segment net sales were negatively impacted by approximately \$40 million due to ongoing global supply chain and labor disruptions.

In the Industrial segment, the increase in net sales for fiscal year 2022 as compared to fiscal year 2021 was primarily attributable to higher industrial turbomachinery sales supporting increasing demand for power generation and process industries as well as higher marine sales driven by increased utilization of the in-service fleet, partially offset by weakness in natural gas engines in China and by unfavorable foreign currency impacts. Industrial segment net sales were negatively impacted by approximately \$45 million due to ongoing global supply chain and labor disruptions.

2022 Costs and Expenses Compared to 2021

Cost of goods sold increased by \$162,711 to \$1,857,485, or 78.0% of net sales, for fiscal year 2022, from \$1,694,774, or 75.5% of net sales, for fiscal year 2021. The increase in cost of goods sold in fiscal year 2022, as compared to the same period of the prior year is primarily attributable to net inflationary impacts on material and labor costs, as well as increases in manufacturing costs related to global supply chain and labor disruptions.

Gross margin (as measured by net sales less cost of goods sold, divided by net sales) was 22.0% for fiscal year 2022, compared to 24.5% for fiscal year 2021. The decrease in gross margin for fiscal year 2021 is primarily attributable to net inflationary impacts on material and labor costs, increases in manufacturing costs related to global supply chain disruptions and inefficiencies related to training new members.

Selling, general and administrative expenses increased by \$16,139, or 8.6%, to \$203,005 for fiscal year 2022, compared to \$186,866 for fiscal year 2021. Selling, general, and administrative expenses as a percentage of net sales increased to 8.5% for fiscal year 2022, compared to 8.3% for fiscal year 2021. The increase in selling, general and administrative expenses, both in dollars and as a percentage of sales, for fiscal year 2022 compared to the prior year is primarily due to the incurrence of a certain expense in fiscal year 2022 in connection with a non-recurring matter unrelated to the ongoing operations of the business, as well as certain business development activities, which in each case did not occur in the prior fiscal year period.

Research and development costs increased by \$2,691, or 2.3%, to \$119,782 for fiscal year 2022, as compared to \$117,091 for fiscal year 2021. Research and development costs as a percentage of net sales decreased to 5.0% for fiscal year 2022, as compared to 5.2% for fiscal year 2021. The increase in research and development costs in dollars for fiscal year 2022 as compared to the prior year is primarily due to variability in the timing of projects and expenses. The decrease in research and development costs as a percentage of net sales for fiscal year 2022 as compared to the prior year is primarily due to net sales increases in fiscal year 2022 compared to fiscal year 2021. Our research and development activities extend across almost all of our customer base, and we anticipate ongoing variability in research and development due to the timing of customer business needs on current and future programs.

Restructuring activities decreased by \$8,428, to a benefit of \$3,420 for fiscal year 2022, compared to charges of \$5,008 for fiscal year 2021. The decrease in restructuring activities is primarily attributable to a new organizational structure and leadership change approved during fiscal year 2022. In fiscal year 2022, due to changes in business conditions including plans to outsource work from suppliers and to manage workforce levels through attrition, the remaining unpaid accrued amount of \$4,503 is no longer needed and therefore reversed.

Interest expense increased by \$263, or 0.8%, to \$34,545, for fiscal year 2022, compared to \$34,282 for fiscal year 2021. Interest expense decreased as a percentage of net sales at 1.4% for fiscal year 2022, as compared to 1.5% for fiscal year 2021. Interest expense increased for fiscal year 2022 as compared to fiscal year 2021 primarily due to increased borrowings on our revolving credit agreement, partially offset by reduced long-term debt balances. In fiscal year 2021, we paid the entire balance of two series of private placement notes totaling \$100,000, primarily using cash from operations and borrowings from our revolving credit facility. In fiscal year 2022, we had outstanding balances on our revolving credit facility whereas in fiscal year 2021 we had no borrowings.

Other income, net was \$26,691 for fiscal year 2022, compared to \$36,493 for fiscal year 2021. The decrease in other income in fiscal year 2022 compared to fiscal year 2021 was primarily due to a loss on investments in our deferred compensation program, whereas a gain on investments was recognized in the prior fiscal year.

Income taxes were provided at an effective rate on earnings before income taxes of 14.1% for fiscal year 2022, compared to 15.1% for fiscal year 2021.

The decrease in the effective tax rate for fiscal year 2022 compared to fiscal year 2021 is primarily attributable to a partial release of valuation allowance related to state credits and increased Research and Development Credit in the current fiscal year when compared to the prior fiscal year. This decrease was partially offset by a reduced stock-based compensation tax benefit in the current fiscal year when compared to the prior fiscal year.

Segment Results

The following table presents sales by segment:

	Year Ended September 30,			
	2022		2021	
Net sales:				
Aerospace	\$ 1,519,322	63.8%	\$ 1,404,117	62.5%
Industrial	863,468	36.2%	841,715	37.5%
Consolidated net sales	<u>\$ 2,382,790</u>	<u>100%</u>	<u>\$ 2,245,832</u>	<u>100%</u>

The following table presents earnings by segment and reconciles segment earnings to consolidated net earnings:

	Year Ended September 30,			
	2022		2021	
Aerospace	\$ 230,933		\$ 234,356	
Industrial	82,788		108,672	
Nonsegment expenses	(81,092)		(64,442)	
Interest expense, net	(12,731)		(12,787)	
Consolidated earnings before income taxes	199,898		245,799	
Income tax expense	28,200		37,150	
Consolidated net earnings	<u>\$ 171,698</u>		<u>\$ 208,649</u>	

The following table presents segment earnings as a percent of segment net sales:

	Year Ended September 30,			
	2022		2021	
Aerospace	15.2%		16.7%	
Industrial	9.6%		12.9%	

2022 Segment Results Compared to 2021

Aerospace

Aerospace segment net sales increased by \$115,205, or 8.2% to \$1,519,322 for fiscal year 2022, compared to \$1,404,117 for fiscal year 2021. Segment net sales increased for fiscal year 2022 as compared to fiscal year 2021 primarily due to significantly higher commercial OEM and aftermarket sales due to higher OEM aircraft production rates, continued recovery in passenger traffic, and increasing aircraft utilization. The increase in aerospace segment sales was partially offset by lower defense OEM and aftermarket sales, driven primarily by lower sales for guided weapons and global supply chain and labor disruptions.

As of September 30, 2022, Aerospace segment net sales were negatively impacted by approximately \$40 million due to global supply chain and labor disruptions.

Aerospace segment earnings decreased by \$3,423, or 1.5%, to \$230,933 for fiscal year 2022, compared to \$234,356 for fiscal year 2021.

The net decrease in Aerospace segment earnings for fiscal year 2022 was due to the following:

Earnings for the period ended September 30, 2021	\$ 234,356
Sales volume	36,867
Price, sales mix and productivity	(17,491)
Manufacturing costs related to hiring and training	(20,372)
Annual variable incentive compensation costs	(6,809)
Other, net	4,782
Earnings for the period ended September 30, 2022	<u>\$ 230,933</u>

The decrease in Aerospace segment earnings for fiscal year 2022 compared to fiscal year 2021 was primarily due to net inflationary impacts, as well as increases in manufacturing costs related to global supply chain disruptions and inefficiencies related to hiring and training, partially offset by higher commercial OEM and aftermarket sales volume. Aerospace segment earnings as a percentage of segment net sales were 15.2% for fiscal year 2022 and 16.7% for fiscal year 2021.

Industrial

Industrial segment net sales increased by \$21,753, or 2.6%, to \$863,468 for fiscal year 2022, compared to \$841,715 for fiscal year 2021. Foreign currency exchange rates had a negative impact on segment net sales of \$50,767 for fiscal year 2022.

The increase in Industrial segment net sales in fiscal year 2022 as compared to fiscal year 2021 was primarily attributable to increased industrial turbomachinery sales supporting increasing demand for power generation and process industries as well as higher marine sales driven by increased utilization of the in-service fleet, partially offset by lower sales of natural gas-powered engines in China and unfavorable foreign currency exchange rates.

As of September 30, 2022, Industrial segment net sales were negatively impacted by approximately \$45 million due to global supply chain and labor disruptions.

Industrial segment earnings decreased by \$25,884, or 23.8%, to \$82,788 for fiscal year 2022, compared to \$108,672 for fiscal year 2021.

The net decrease in Industrial segment earnings for fiscal year 2022 was due to the following:

Earnings for the period ended September 30, 2021	\$	108,672
Sales volume		29,229
Price, sales mix and productivity		(24,222)
Manufacturing costs related to hiring and training		(19,400)
Effects of changes in foreign currency rates		(8,309)
Annual variable incentive compensation costs		(3,762)
Other, net		1,080
Earnings for the period ended September 30, 2022	\$	82,788

The decrease in Industrial segment earnings for fiscal year 2022 as compared to fiscal year 2021 was primarily due to net inflationary impacts, increases in manufacturing costs related to global supply chain disruptions and inefficiencies related to hiring and training, as well as unfavorable foreign currency impacts. Industrial segment earnings as a percentage of segment net sales were 9.6% for fiscal year 2022, compared to 12.9% for fiscal year 2021.

Nonsegment

Nonsegment expenses increased to \$81,092 for fiscal year 2022, compared to \$64,442 for fiscal year 2021. The increase in nonsegment expenses for fiscal year 2022 compared to fiscal year 2021 was primarily a result of a non-recurring matter unrelated to the ongoing operations of the business and certain business development activities, neither of which occurred in fiscal year 2021, as well as the timing of certain expenses and the return of annual variable incentive compensation costs.

For a discussion of the 2022 Results of Operations, including a discussion of the financial results for the fiscal year ended September 30, 2021 compared to the fiscal year ended September 30, 2020, refer to Part I, Item 7 of our Form 10-K filed with the SEC on November 19, 2021.

LIQUIDITY AND CAPITAL RESOURCES

Historically, we have satisfied our working capital needs, as well as capital expenditures, product development and other liquidity requirements associated with our operations, with cash flow provided by operating activities and borrowings under our credit facilities. We have also issued debt to supplement our cash needs, repay our other indebtedness, or finance our acquisitions. We expect that cash generated from our operating activities, together with borrowings under our revolving credit facility and other borrowing capacity, will be sufficient to fund our continuing operating needs for the next 12 months and the foreseeable future.

Our aggregate cash and cash equivalents were \$107,844 at September 30, 2022 and \$448,462 at September 30, 2021, and our working capital was \$772,856 at September 30, 2022 and \$1,098,466 at September 30, 2021. Of the cash and cash equivalents held at September 30, 2022, \$87,639 was held by our foreign locations. We are not presently aware of any significant restrictions on the repatriation of these funds, although a portion is considered indefinitely reinvested in certain foreign subsidiaries. If these funds were needed to fund our operations or satisfy obligations in the United States, then they could be repatriated and their repatriation into the United States may cause us to incur additional U.S. income taxes or foreign withholding taxes. Any additional U.S. taxes could be offset, in part or in whole, by foreign tax credits. The amount of such taxes and application of tax credits would be dependent on the income tax laws and other circumstances at the time these amounts are repatriated. Based on these variables, it is impractical to determine the income tax liability that might be incurred if these funds were to be repatriated.

Our revolving credit facility, as amended, provides a borrowing capacity of up to \$1,000,000 with the option to increase total available borrowings to up to \$1,500,000, subject to lenders' participation. We can borrow against our revolving credit facility as long as we are in compliance with all of our debt covenants. Borrowings under the revolving credit facility can be made in U.S. dollars or in foreign currencies other than the U.S. dollar provided that the U.S. dollar equivalent of any foreign currency borrowings and U.S. dollar borrowings does not, in total, exceed the borrowing capacity of the revolving credit facility. Historically, we have used borrowings under our revolving credit facilities to meet certain short-term working capital needs, as well as for strategic uses, including repurchases of our common stock, payments of dividends, acquisitions, and facility expansions.

In addition to our revolving credit facility, we have various foreign credit facilities, some of which are tied to net amounts on deposit at certain foreign financial institutions. These foreign credit facilities are reviewed annually for renewal. We use borrowings under these foreign credit facilities to finance certain local operations on a periodic basis. For further discussion of our revolving credit facility and our other credit facilities, see Note 15, *Credit facilities, short-term borrowings and long-term debt* in the Notes to the Consolidated Financial Statements in Part II, Item 8 of this Form 10-K.

At September 30, 2022, we had total outstanding debt of \$777,416 consisting of various series of unsecured notes due between 2023 and 2033, and amounts borrowed under our revolving credit facility, and our finance leases. On November 15, 2020, we paid the entire principal balance of \$100,000 on our Series G and J Notes using primarily free cash flow and proceeds from borrowings under our existing revolving credit facility. At September 30, 2022, we had additional borrowing availability of \$923,506 under our revolving credit facility, net of outstanding letters of credit, and additional borrowing availability of \$27,266 under various foreign credit facilities.

At September 30, 2022, we had \$66,800 outstanding on our revolving credit facility, all of which is classified as short-term borrowings based on our intent and ability to pay this amount in the next twelve months. Revolving credit facility and short-term borrowing activity during the fiscal year ended September 30, 2022 were as follows:

Maximum daily balance during the period	\$	264,500
Average daily balance during the period	\$	86,795
Weighted average interest rate on average daily balance		2.88%

We believe we were in compliance with all our debt covenants as of September 30, 2022. See Note 15, *Credit facilities, short-term borrowings and long-term debt* in the Notes to the Consolidated Financial Statements in "Item 8 – Financial Statements and Supplemental Data," for more information about our covenants.

In addition to utilizing our cash resources to fund the working capital needs of our business, we evaluate additional strategic uses of our funds, including the repurchase of our common stock, payment of dividends, significant capital expenditures, consideration of strategic acquisitions and other potential uses of cash.

Our ability to service our long-term debt, to remain in compliance with the various restrictions and covenants contained in our debt agreements, and to fund working capital, capital expenditures and product development efforts will depend on our ability to generate cash from operating activities, which in turn is subject to, among other things, future operating performance as well as general economic, financial, competitive, legislative, regulatory, and other conditions, some of which may be beyond our control.

We believe that cash flows from operations, along with our contractually committed borrowings and other borrowing capability, will continue to be sufficient to fund anticipated capital spending requirements and our operations for the foreseeable future. However, we could be adversely affected if the financial institutions providing our capital requirements refuse to honor their contractual commitments, cease lending, or declare bankruptcy. We believe the lending institutions participating in our credit arrangements are financially stable.

Cash Flows

	Year Ended September 30,	
	2022	2021
Net cash provided by operating activities	\$ 193,638	\$ 464,669
Net cash used in investing activities	(65,449)	(35,297)
Net cash used in financing activities	(442,378)	(136,318)
Effect of exchange rate changes on cash and cash equivalents	(26,429)	2,138
Net change in cash and cash equivalents	(340,618)	295,192
Cash and cash equivalents, including restricted cash, at beginning of year	448,462	153,270
Cash and cash equivalents, including restricted cash, at end of year	\$ 107,844	\$ 448,462

2022 Cash Flows Compared to 2021

Net cash flows provided by operating activities for fiscal year 2022 was \$193,638, compared to \$464,669 for fiscal year 2021. The decrease in net cash provided by operating activities in fiscal year 2022 compared to fiscal year 2021 is primarily attributable to production delays from global supply chain disruptions leading to increases in working capital (excluding cash) to support anticipated growth in the next fiscal year, and the timing of cash payments to suppliers.

Net cash flows used in investing activities for fiscal year 2022 was \$65,449, compared to \$35,297 in fiscal year 2021. The increase in cash used in investing activities in fiscal year 2022 compared to fiscal year 2021 is primarily due to the purchase of PM Control as well as increased payments for property, plant and equipment, partially offset by certain proceeds received in the third quarter of fiscal year 2022 in connection with the sale of the renewable power systems business and other related businesses.

Net cash flows used in financing activities for fiscal year 2022 was \$442,378, compared to net cash flows used in financing activities of \$136,318 in fiscal year 2021. The increase in net cash flows used in financing activities in fiscal year 2022 compared to fiscal year 2021 was attributable to repurchases of common stock, partially offset by the change in net debt payments. During fiscal year 2022, we made \$485,300 of cash repurchases of common stock, compared to \$33,344 of cash repurchases of common stock during fiscal year 2021. During fiscal year 2022, we had net debt payments in the amount of \$66,003, compared to net debt payments in the amount of \$101,639 in fiscal year 2021.

New Accounting Standards

From time to time, the FASB or other standards-setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standards Codification are communicated through issuance of an Accounting Standards Update.

To understand the impact of recently issued guidance, whether adopted or to be adopted, please review the information provided in Note 2, *New accounting standards*, in the Notes to the Consolidated Financial Statements included in "Item 8 – Financial Statements and Supplementary Data." Unless otherwise discussed, we believe that the impact of recently issued guidance, whether adopted or to be adopted in the future, is not expected to have a material impact on our Consolidated Financial Statements upon adoption.

Non-U.S. GAAP Financial Measures

Adjusted net earnings, adjusted earnings per share, adjusted effective tax rate, EBIT, adjusted EBIT, EBITDA, adjusted EBITDA, free cash flow, and adjusted free cash flow are financial measures not prepared and presented in accordance with U.S. GAAP. However, we believe these non-U.S. GAAP financial measures provide additional information that enables readers to evaluate our business from the perspective of management.

Earnings based non-U.S. GAAP financial measures

Adjusted net earnings is defined by the Company as net earnings excluding, as applicable, (i) a charge in connection with a non-recurring matter unrelated to the ongoing operations of the business, (ii) costs related to business development activities, and (iii) restructuring activities. The Company believes that these excluded items are short-term in nature, not directly related to the ongoing operations of the business and therefore, the exclusion of them illustrates more clearly how the underlying business of Woodward is performing. Management uses adjusted net earnings to evaluate the Company's performance excluding these infrequent or unusual period expenses that are not necessarily indicative of the Company's operating performance for the period. Management defines adjusted earnings per share as adjusted net earnings, as defined above, divided by the weighted-average number of diluted shares of common stock outstanding for the period.

Management uses both adjusted net earnings and adjusted earnings per share when comparing operating performance to other periods which may not have similar infrequent or unusual charges.

The reconciliation of net earnings and earnings per share to adjusted net earnings and adjusted earnings per share, respectively, for the fiscal years ended and are shown in the tables below.

	Year Ended September 30,			
	2022		2021	
	Net Earnings	Earnings Per Share	Net Earnings	Earnings Per Share
Net earnings (U.S. GAAP)	\$ 171,698	\$ 2.71	\$ 208,649	\$ 3.18
Non-U.S. GAAP adjustments:				
Non-recurring matter unrelated to the ongoing operations of the business, net of tax	2,454	0.04	—	—
Business development activities, net of tax	2,236	0.04	—	—
Restructuring activities, net of tax	(2,565)	(0.04)	3,736	0.06
Total non-U.S. GAAP adjustments	2,125	0.04	3,736	0.06
Adjusted net earnings (Non-U.S. GAAP)	\$ 173,823	\$ 2.75	\$ 212,385	\$ 3.24

Management uses EBIT to evaluate Woodward's performance without financing and tax related considerations, as these elements may not fluctuate with operating results. Management uses EBITDA in evaluating Woodward's operating performance, making business decisions, including developing budgets, managing expenditures, forecasting future periods, and evaluating capital structure impacts of various strategic scenarios. Securities analysts, investors and others frequently use EBIT and EBITDA in their evaluation of companies, particularly those with significant property, plant, and equipment, and intangible assets subject to amortization. The Company believes that EBIT and EBITDA are useful measures to the investor when measuring operating performance as they eliminate the impact of financing and tax expenses, which are non-operating expenses and may be driven by factors outside of our operations, such as changes in tax laws or regulations, and, in the case of EBITDA, the noncash charges associated with depreciation and amortization. Further, as interest from financing, income taxes, depreciation and amortization can vary dramatically between companies and between periods, management believes that the removal of these items can improve comparability.

Adjusted EBIT and adjusted EBITDA represent further non-U.S. GAAP adjustments to EBIT and EBITDA, in each case adjusted to exclude, as applicable: (i) a charge in connection with a non-recurring matter unrelated to the ongoing operations of the business, (ii) costs related to business development activities, and (iii) restructuring activities. As these charges are infrequent or unusual items that can be variable from period to period and do not fluctuate with operating results, management believes that by removing these gains and charges from EBIT and EBITDA it improves comparability of past, present and future operating results and provides consistency when comparing EBIT and EBITDA between periods.

EBIT and adjusted EBIT reconciled to net earnings were as follows:

	Year Ended September 30,			
	2022		2021	
	Net Earnings	Earnings Per Share	Net Earnings	Earnings Per Share
Net earnings (U.S. GAAP)	\$ 171,698	\$ 2.71	\$ 208,649	\$ 3.18
Income tax expense	28,200	0.44	37,150	0.57
Interest expense	34,545	0.54	34,392	0.53
Interest income	(1,814)	(0.03)	(1,495)	(0.02)
EBIT (Non-U.S. GAAP)	232,629	3.66	278,586	4.26
Non-U.S. GAAP adjustments:				
Non-recurring matter unrelated to the ongoing operations of the business	3,272	0.05	—	—
Business development activities	2,982	0.05	—	—
Restructuring activities	(3,420)	(0.05)	5,008	0.08
Total non-U.S. GAAP adjustments	2,834	0.05	5,008	0.08
Adjusted EBIT (Non-U.S. GAAP)	\$ 235,463	\$ 3.71	\$ 283,594	\$ 4.34

EBITDA and adjusted EBITDA reconciled to net earnings were as follows:

	Year Ended September 30,	
	2022	2021
Net earnings (U.S. GAAP)	\$ 171,698	\$ 208,649
Income tax expense	28,200	37,150
Interest expense	34,445	34,282
Interest income	(1,814)	(1,495)
Amortization of intangible assets	37,609	41,899
Depreciation expense	83,019	87,631
EBITDA (Non-U.S. GAAP)	353,257	408,110
Non-U.S. GAAP adjustments:		
Non-recurring matter unrelated to the ongoing operations of the business	3,272	—
Business development activities	2,982	—
Restructuring activities	(3,420)	5,008
Total non-U.S. GAAP adjustments	2,834	5,008
Adjusted EBITDA (Non-U.S. GAAP)	\$ 356,091	\$ 413,118

The use of these non-U.S. GAAP financial measures is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with U.S. GAAP. As adjusted net earnings, adjusted net earnings per share, adjusted effective tax rate, EBIT, adjusted EBIT, EBITDA, and adjusted EBITDA exclude certain financial information compared with net earnings, the most comparable U.S. GAAP financial measure, users of this financial information should consider the information that is excluded. Our calculations of adjusted net earnings, adjusted net earnings per share, EBIT, adjusted EBIT, EBITDA, and adjusted EBITDA may differ from similarly titled measures used by other companies, limiting their usefulness as comparative measures.

Cash flow-based non-U.S. GAAP financial measures

Management uses free cash flow, which is defined by the Company as net cash flows provided by operating activities less payments for property, plant and equipment, in reviewing the financial performance of and cash generation by Woodward's various business groups and evaluating cash levels. We believe free cash flow is a useful measure for investors because it portrays our ability to grow organically and generate cash from our businesses for purposes such as paying interest on our indebtedness, repaying maturing debt, funding business acquisitions, investing in research and development, purchasing our common stock, and paying dividends. In addition, securities analysts, investors, and others frequently use free cash flow in their evaluation of companies. Adjusted free cash flow represents a further non-U.S. GAAP adjustment to free cash flow to exclude the effect of cash paid for business development activities and cash paid for restructuring activities. Management believes that by excluding these infrequent or unusual items from free cash flow it better portrays our ability to generate cash, as such items are not indicative of the Company's operating performance for the period.

The use of these non-U.S. GAAP financial measures is not intended to be considered in isolation of, or as substitutes for, the financial information prepared and presented in accordance with U.S. GAAP. Free cash flow and adjusted free cash flow do not necessarily represent funds available for discretionary use and are not necessarily a measure of our ability to fund our cash needs. Our calculation of free cash flow and adjusted free cash flow may differ from similarly titled measures used by other companies, limiting their usefulness as a comparative measure.

Free cash flow and adjusted free cash flow were as follows:

	Year Ended September 30,	
	2022	2021
Net cash provided by operating activities (U.S. GAAP)	\$ 193,638	\$ 464,669
Payments for property, plant and equipment	(52,868)	(37,689)
Free cash flow (Non-U.S. GAAP)	\$ 140,770	\$ 426,980
Cash paid for business development activities	2,982	—
Cash paid for restructuring activities	505	—
Adjusted free cash flow (Non-U.S. GAAP)	\$ 144,257	\$ 426,980

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements and related disclosures in conformity with U.S. GAAP requires us to make judgments, assumptions, and estimates that affect the amounts reported in the Consolidated Financial Statements and accompanying notes. Note 1, *Operations and summary of significant accounting policies*, to the Consolidated Financial Statements describes the significant accounting policies and methods used in the preparation of the Consolidated Financial Statements. The estimates and assumptions described below are those that we consider to be most critical to an understanding of our financial statements because they involve significant judgments and uncertainties. All of these estimates reflect our best judgment about current, and for some estimates, future economic and market conditions and their effects based on information available as of the date of these financial statements. As estimates are updated or actual amounts are known, our critical accounting estimates are revised, and operating results may be affected by the revised estimates. Actual results may differ from these estimates under different assumptions or conditions.

Our management has discussed the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors, and the Audit Committee has reviewed our disclosures in this Management's Discussion and Analysis.

Revenue recognition

Revenue is recognized on contracts with customers for arrangements in which quantities and pricing are fixed and/or determinable and are generally based on customer purchase orders, often within the framework of a long-term supply arrangement with the customer. We recognize revenue for performance obligations within a customer contract when control of the associated product or service is transferred to the customer. Some of our contracts with customers contain a single performance obligation, while other contracts contain multiple performance obligations. Each product within a contract generally represents a separate performance obligation as we do not provide significant installation and integration services, the products do not customize each other, and the products can function independently of each other.

A contract's transaction price is allocated to each performance obligation and recognized as revenue when, or as, the customer obtains control of the associated product or service. When there are multiple performance obligations within a contract, we generally use the observable standalone sales price for each distinct product or service within the contract to allocate the transaction price to the distinct products or services. In instances when a standalone sales price for each product or service is not observable within the contract, we allocate the transaction price to each performance obligation using an estimate of the standalone selling price for each product or service, which is generally based on incurred costs plus a reasonable margin, for each distinct product or service in the contract.

When determining the transaction price of each contract, we consider contractual consideration payable by the customer and variable consideration that may affect the total transaction price. Variable consideration, consisting of early payment discounts, rebates and other sources of price variability, are included in the estimated transaction price based on both customer-specific information as well as historical experience. We regularly review our estimates of variable consideration on the transaction price and recognize changes in estimates on a cumulative catch-up basis as if the most current estimate of the transaction price adjusted for variable consideration had been known as of the inception of the contract.

Point in time and over time revenue recognition

Control of the products generally transfers to the customer at a point in time, as the customer does not control the products as they are produced. We exercise judgment and consider the timing of right of payment, transfer of the risk and rewards, transfers of title, transfer of physical possession, and customer acceptance when determining when control of the product transfers to the customer, generally upon shipment of products. Performance obligations are satisfied and revenue is recognized over time if: (i) the customer receives the benefits as we perform work, if the customer controls the asset as it is being enhanced, or if the product being produced for the customer has no alternative use to us; and (ii) we have an enforceable right to payment with a profit. When services are provided, revenue from those services is recognized over time because control is transferred continuously to customers as we perform the work.

For services that are not short-term in nature, manufacturing, repair and overhaul ("MRO"), and sales of products that have no alternative use to us and an enforceable right to payment with a profit, we use an actual cost input measure to determine the extent of progress towards completion of the performance obligation. For these revenue streams, revenue is recognized over time as work is performed based on the relationship between actual costs incurred-to-date for each contract and the total estimated costs for such contract at completion of the performance obligation (the cost-to-cost method). We have concluded that this measure of progress best depicts the transfer of assets to the customer, because

Incurred costs are integral to our completion of the performance obligation under the specific customer contract and correlate directly to the transfer of control to the customer. Contract costs include labor, material and overhead. Contract cost estimates are based on various assumptions to project the outcome of future events. These assumptions include labor productivity and availability; the complexity of the work to be performed; the cost and availability of materials; the performance of subcontractors; and the availability and timing of funding from the customer. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred.

Inventory

Inventories are valued at the lower of cost or net realizable value. Inventory cost is determined using methods that approximate the first-in, first-out basis. We include product costs, labor and related fixed and variable overhead in the cost of inventories. Inventory net realizable values are determined by giving substantial consideration to the expected product selling price. We estimate expected selling prices based on our historical recovery rates, general economic and market conditions, the expected channel of disposition, and current customer contracts and preferences. Actual results may differ from our estimates due to changes in resale or market value and the mix of these factors.

We monitor inventory for events or circumstances, such as negative margins, recent sales history suggesting lower sales value, or changes in customer preferences, which would indicate the net realizable value of inventory is less than the carrying value of inventory, and management records adjustments as necessary. When inventory is written down below cost, such reduced amount is considered the cost for subsequent accounting purposes. Our recording of inventory at the lower of cost or net realizable value has not historically required material adjustments once initially established.

The carrying value of inventory was \$514,287 at September 30, 2022 and \$419,971 at September 30, 2021. If economic conditions, customer product requirements, or other factors significantly reduce future customer demand for our products from forecast levels, then future adjustments to the carrying value of inventory may become necessary. We attempt to maintain inventory quantities at levels considered necessary to fill firm and expected orders in a reasonable time frame, which we believe mitigates our exposure to future inventory carrying cost adjustments.

Reviews for impairment of goodwill and other indefinitely lived intangible assets

Goodwill

At September 30, 2022, we had \$772,559 of goodwill representing 20% of our total assets. Goodwill is tested for impairment at the reporting unit level on an annual basis and more often if an event occurs or circumstances change that indicate the fair value of a reporting unit may be below its carrying amount.

The identification of reporting units and consideration of the aggregation of components into a single reporting unit under U.S. GAAP requires management judgment. The impairment test consists of comparing the fair value of reporting units, determined using discounted cash flows, with their carrying amount including goodwill. If the carrying amount of the reporting unit exceeds its fair value, we compare the implied fair value of goodwill with its carrying amount. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss would be recognized to reduce the carrying amount to its implied fair value.

During the fourth quarter, we completed our annual goodwill impairment test as of July 31, 2022 for the fiscal year ended September 30, 2022. The results of our annual goodwill impairment test performed as of July 31, 2022, indicated the estimated fair value of each reporting unit was in excess of its carrying value, and accordingly, no impairment existed.

Indefinitely lived intangible asset

We have one indefinitely lived intangible asset consisting of the Woodward L'Orange trade name. At September 30, 2022, the carrying value of the Woodward L'Orange trade name intangible asset was \$56,838, representing 2% of our total assets. The Woodward L'Orange trade name intangible asset is tested for impairment on an annual basis and more often if an event occurs or circumstances change that indicate the fair value of the Woodward L'Orange trade name intangible asset may be below its carrying amount. The impairment test consists of comparing the fair value of the Woodward L'Orange trade name intangible asset, determined using discounted cash flows based on the relief from royalty method under the income approach, with its carrying amount. If the carrying amount of the Woodward L'Orange trade name intangible asset exceeds its fair value, an impairment loss would be recognized to reduce the carrying amount to its fair value. Woodward has not recorded any impairment charges associated with the indefinitely lived intangible asset.

During the fourth quarter, we completed the annual impairment test, for the fiscal year ended September 30, 2022, of the Woodward L'Orange trade name intangible asset as of July 31, 2022. The results of the annual impairment test performed as of July 31, 2022 indicated the estimated fair value of the Woodward L'Orange trade name intangible asset was in excess of its carrying value, and accordingly, no impairment existed.

As part of our ongoing monitoring efforts to assess goodwill and the Woodward L'Orange trade name indefinite lived asset for possible indications of impairment, we will continue to consider a wide variety of factors, including but not limited to the global economic environment and its potential impact on our business. There can be no assurance that our estimates and assumptions regarding forecasted cash flows of certain reporting units or the Woodward L'Orange business, the current economic environment, or the other inputs used in forecasting the present value of forecasted cash flows will prove to be accurate projections of future performance.

Income taxes

We are subject to income taxes in the United States and numerous foreign jurisdictions. Significant judgment is required in evaluating our tax positions and determining our provision for income taxes.

During the ordinary course of business, there are many transactions and calculations for which the ultimate tax determination is uncertain. We establish reserves for tax-related uncertainties based on estimates of whether, and the extent to which, additional taxes will be due. The reserves are established when we believe that certain positions are likely to be challenged and may not be fully sustained on review by tax authorities. We adjust these reserves in light of changing facts and circumstances, such as the closing of a tax audit or refinement of an estimate. Although we believe our reserves are reasonable, no assurance can be given that the final outcome of these matters will be consistent with what is reflected in our historical income tax provisions and accruals. To the extent that the final tax outcome of these matters is different from the amounts recorded, such differences will impact the current provision for income taxes.

Significant judgment is also required in determining any valuation allowance recorded against deferred tax assets. The determination of the amount of valuation allowance to be provided on recorded deferred tax assets involves estimates regarding the timing and amount of the reversal of taxable temporary differences, expected future taxable income, and the impact of tax planning strategies. A valuation allowance is established to offset any deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax asset will not be realized. In assessing the need for a valuation allowance, we consider all available evidence including past operating results, estimates of future taxable income, and the feasibility of tax planning strategies. Changes in the relevant facts can significantly impact the judgment or need for valuation allowances. In the event we change our determination as to the amount of deferred tax assets that can be realized, we will adjust our valuation allowance with a corresponding impact to the provision for income taxes in the period in which such determination is made.

Our provision for income taxes is subject to volatility and could be affected by earnings that are different than those anticipated in countries which have lower or higher tax rates; by transfer pricing adjustments; and/or changes in tax laws, regulations, and accounting principles, including accounting for uncertain tax positions, or interpretations thereof. There can be no assurance that these items will remain stable over time. Additionally, Woodward records through income tax expense all future excess tax benefits and tax deficiencies from stock options exercised. This creates unpredictable volatility in the effective tax rate because the additional expense or benefit recognized each quarter is based on the timing of the employee's election to exercise any vested stock options outstanding, which is outside Woodward's control, and the market price of Woodward's shares at the time of exercise, which is subject to market volatility.

Our effective tax rates differ from the U.S. statutory rate primarily due to the tax impact of foreign operations, adjustments of valuation allowances, research tax credits, state taxes, and tax audit settlements. In addition to potential local country tax law and policy changes that could impact the provision for income taxes, management's judgment about

and intentions concerning the repatriation of foreign earnings could also significantly impact the provision for income taxes. Management reassesses its judgment regularly, taking into consideration the potential tax impacts of these judgments and intentions.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

In the normal course of business, we have exposures to interest rate risk from our long-term and short-term debt, and our postretirement benefit plans, and foreign currency exchange rate risk related to our foreign operations and foreign currency transactions.

Foreign Currency Exchange Rate Risk, Interest Rate Risk, and Related Hedging Activities

We are impacted by changes in foreign currency exchange rates when we sell product in currencies different from the currency in which product and manufacturing costs were incurred. The functional currencies and our purchasing and sales activities primarily include USD, EUR, RMB, JPY and GBP. We may also be impacted by changes in the relative buying power of our customers, which may impact sales volumes either positively or negatively. As these currencies fluctuate against each other, and other currencies, we are exposed to foreign currency exchange rate risk on sales, purchasing transactions, and labor. Foreign currency exchange rate risk is reduced through the maintenance of local production facilities in the markets we serve, which we believe creates a natural hedge to our foreign currency exchange rate exposure.

The percentages of our net sales denominated in a currency other than the USD were as follows:

Functional currency:	For the Year Ended September 30,	
	2022	2021
EUR	15.7%	14.2%
RMB	3.4%	8.0%
JPY	2.9%	1.3%
GBP	1.7%	2.6%
All other foreign currencies	13.9%	11.9%
	25.6%	27.6%

Currency exchange rates vary daily and often one currency strengthens against the USD while another currency weakens. Because of the complex interrelationship of our worldwide supply chains and distribution channels, it is difficult to quantify the impact of a particular change in exchange rates.

We use derivative instruments as risk management tools that involve complexity and are not used for trading or speculative purposes. From time to time, we will enter into a foreign currency exchange rate contract to hedge against changes in foreign currency exchange rates on liabilities expected to be settled at a future date. Market risk arises from the potential adverse effects on the value of derivative instruments that result from a change in foreign currency exchange rates. We minimize this market risk by establishing and monitoring parameters that limit the types of, and degree to which we enter into, derivative instruments. We enter into derivative instruments for risk management purposes only. We do not enter into or issue derivatives for trading or speculative purposes. As of September 30, 2022 and 2021, we had no open foreign currency exchange rate contracts and all previous exchange rate derivative instruments were settled or terminated.

For more information on derivative instruments, see Note 8, *Derivative instruments and hedging activities*, in the Notes to the Consolidated Financial Statements in "Item 8 – Financial Statements and Supplementary Data."

Our reported financial results of operations, including the reported value of our assets and liabilities, are also impacted by changes in foreign currency exchange rates. The assets and liabilities of substantially all of our subsidiaries outside the United States are translated at period end rates of exchange for each reporting period. Earnings and cash flow statements are translated at weighted-average rates of exchange. Although these translation changes have no immediate cash impact, the translation changes may impact future borrowing capacity, debt covenants, and the overall value of our net assets. In addition, we also have assets and liabilities, specifically accounts receivable, accounts payable and current inter-company receivables and payables, whose carrying amounts approximate their fair value, which are denominated in currencies other than their relevant functional currencies. Foreign currency exchange rate risk is mitigated through several means, including the invoicing of customers in the same currency as the source of the products, and the prompt settlement of inter-company balances utilizing a global netting system.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and the Board of Directors of Woodward, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Woodward, Inc. and subsidiaries (the "Company") as of September 30, 2022 and 2021, the related consolidated statements of earnings, comprehensive earnings, shareholders' equity, and cash flows, for each of the three years in the period ended September 30, 2022, and the related notes (collectively referred to as the "financial statements"). We also have audited the Company's internal control over financial reporting as of September 30, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2022, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by COSO.

Basis for Opinions

The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures to respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and

directors of the company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Intangible Assets, net – Trade name – Refer to Notes 1 and 14 to the financial statements

Critical Audit Matter Description

The Company has one indefinitely lived intangible asset consisting of the Woodward L'Orange trade name ("Trade name"). As of September 30, 2022, the carrying value of the trade name is \$56.8 million. The trade name is tested for impairment on an annual basis and more often if an event occurs or circumstances change that indicate the fair value of the trade name may be below its carrying amount. The Company completed its annual impairment test of the trade name as of July 31, 2022. The results of impairment test indicated the estimated fair value of the trade name was in excess of its carrying value and, accordingly, no impairment existed.

The fair value of the trade name was determined using discounted cash flows based on the relief from royalty method under the income approach. This method incorporates various estimates and assumptions, the most significant being projected revenue growth rates, royalty rates and the present value of the forecasted cash flows based on the discount rate and terminal growth rate. The Company projects revenue growth rates and cash flows based on Woodward L'Orange's current operational results, expected performance and operational strategies over a five-year period. These projections are adjusted to reflect current economic conditions and demand for certain products and require considerable management judgment. Changes in these estimates and assumptions can have a significant impact on the fair value.

We identified the fair value of the trade name as a critical audit matter because of the significant judgments and assumptions management makes related to the projection of revenue growth rates and the selection of the discount rate, terminal growth rate and royalty rate. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's projection of revenue growth rates and selection of the discount rate, terminal growth rate and royalty rate.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the projection of revenue growth rates and selection of the discount rate, terminal growth rate, and royalty rate used in determining the fair value of the trade name included the following, among others:

- We tested the effectiveness of controls over the fair value of the trade name, including those over the projection of revenue growth rates and the selection of the discount rate, terminal growth rate and royalty rate.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the discount rate, terminal growth rate, and royalty rate by:
 - Testing the source information underlying the determination of the discount rate, terminal growth rate and royalty rate and recalculating the mathematical accuracy of management's calculation of the discount rate
 - Developing a range of independent estimates over the discount rate and terminal growth rate and comparing those to the discount and terminal growth rates selected by management

- Comparing the royalty rate from comparable licensing agreements to the rate selected by management
- Searching for any events which could adversely impact the fair value of the brand
- We evaluated the reasonableness of management's projected revenue growth rates by:
 - Comparing management's projections to:
 - Historical revenue results for Woodward L'Orange
 - Internal communications to management and the board of directors
 - Analyst and industry reports
 - Peer company forecasts
 - Considering the impact of changes in management's projections from the July 31, 2022, annual assessment date to September 30, 2022 by comparing actual results for the period to management projections within the original valuation model.
- We evaluated whether a triggering event existed subsequent to management's impairment testing date, but prior to the balance sheet date.

/s/ DELOITTE & TOUCHE LLP

Denver, Colorado

November 18, 2022

We have served as the Company's auditor since 2008.

WOODWARD, INC.
CONSOLIDATED STATEMENTS OF EARNINGS
(In thousands, except per share amounts)

	Year Ended September 30,		
	2022	2021	2020
Net sales	\$ 2,382,790	\$ 2,245,832	\$ 2,495,665
Costs and expenses:			
Cost of goods sold	1,857,485	1,694,774	1,855,422
Selling, general and administrative expenses	203,005	186,866	217,710
Research and development costs	119,782	117,091	133,334
Impairment of assets sold	—	—	37,902
Restructuring activities	(3,420)	5,008	22,216
Gain on cross-currency interest rate swaps, net	—	—	(30,481)
Interest expense	34,545	34,282	35,811
Interest income	(1,814)	(1,495)	(1,764)
Other (income) expense, net	(26,691)	(16,493)	(56,169)
Total costs and expenses	2,182,892	2,000,031	2,213,794
Earnings before income taxes	199,898	245,799	281,881
Income tax expense	28,200	37,150	41,486
Net earnings	\$ 171,698	\$ 208,649	\$ 240,395
Earnings per share:			
Basic earnings per share	\$ 2.79	\$ 3.30	\$ 3.80
Diluted earnings per share	\$ 2.71	\$ 3.18	\$ 3.74
Weighted Average Common Shares Outstanding:			
Basic	61,517	63,287	62,267
Diluted	63,254	65,555	64,209

See accompanying Notes to Consolidated Financial Statements

WOODWARD, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS
(In thousands)

	Year Ended September 30,		
	2022	2021	2020
Net earnings	\$ 171,698	\$ 208,649	\$ 240,395
Other comprehensive earnings:			
Foreign currency translation adjustments	(63,026)	8,628	15,668
Net gain (loss) on foreign currency transactions designated as hedges of net investments in foreign subsidiaries	7,206	592	(3,199)
Taxes on changes on foreign currency translation adjustments	2,230	(1,453)	75
Foreign currency translation and transactions adjustments, net of tax	(53,590)	7,767	12,544
Unrealized gain (loss) on fair value adjustment of derivative instruments	89,048	(1,672)	(18,262)
Reclassification of net realized (gains) losses on derivatives to earnings	(68,880)	(3,702)	2,134
Taxes on changes on derivative transactions	(786)	234	626
Derivative adjustments, net of tax	19,382	(5,140)	(15,502)
Minimum retirement benefit liability adjustments:			
Net gain arising during the period	6,318	27,809	20,179
Prior service cost arising during the period	—	(611)	—
Amortization of:			
Prior service cost	1,004	995	962
Net loss	720	1,502	2,522
Foreign currency exchange rate changes on minimum retirement benefit liabilities	1,158	(855)	(1,672)
Taxes on changes on minimum retirement benefit liability adjustments	(1,938)	(7,312)	(5,522)
	7,264	21,528	16,470
Total comprehensive earnings	\$ 144,754	\$ 232,824	\$ 253,907

See accompanying Notes to Consolidated Financial Statements

WOODWARD, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	September 30, 2022	September 30, 2021
ASSETS		
Current assets:		
Cash and cash equivalents, including restricted cash of \$0 and \$1,907, respectively	\$ 107,844	\$ 448,462
Accounts receivable, less allowance for uncollectible amounts of \$3,922 and \$3,664, respectively	609,964	523,051
Inventories	514,287	419,971
Income taxes receivable	5,179	12,071
Other current assets	74,695	61,168
Total current assets	1,311,969	1,464,723
Property, plant and equipment, net	910,472	950,569
Goodwill	772,559	805,333
Intangible assets, net	460,580	559,289
Deferred income tax assets	23,447	34,866
Other assets	327,419	297,024
Total assets	\$ 3,806,446	\$ 4,091,004
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 66,800	\$ —
Current portion of long-term debt	856	728
Accounts payable	230,519	170,909
Income taxes payable	34,655	11,481
Accrued liabilities	206,283	183,139
Total current liabilities	539,113	366,257
Long-term debt, less current portion	709,760	734,122
Deferred income tax liabilities	127,195	157,936
Other liabilities	529,256	617,808
Total liabilities	1,905,324	1,876,223
Commitments and contingencies (Note 22)		
Stockholders' equity:		
Preferred stock, par value \$0.003 per share, 10,000 shares authorized, no shares issued	—	—
Common stock, par value \$0.001455 per share, 150,000 shares authorized, 72,960 shares issued	106	106
Additional paid-in capital	293,540	261,735
Accumulated other comprehensive losses	(92,563)	(65,619)
Deferred compensation	6,781	7,949
Retained earnings	2,727,233	2,600,513
Treasury stock at cost, 13,207 shares and 9,702 shares, respectively	(2,935,097)	(2,804,684)
Treasury stock held for deferred compensation, at cost, 139 shares and 167 shares, respectively	(1,027,194)	(581,954)
	(6,781)	(7,949)
Total stockholders' equity	1,901,122	2,214,781
Total liabilities and stockholders' equity	\$ 3,806,446	\$ 4,091,004

See accompanying Notes to Consolidated Financial Statements

WOODWARD, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended September 30,		
	2022	2021	2020
Cash flows from operating activities:			
Net earnings	\$ 171,698	\$ 208,649	\$ 240,395
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	120,628	129,524	131,158
Impairment of assets sold	—	—	37,902
Net (gain) on sales of assets and businesses	(1,775)	(4,452)	(23,598)
Net (gain) on cross-currency interest rate swaps	—	—	(30,481)
Stock-based compensation	20,109	21,475	22,902
Deferred income taxes	(23,226)	(11,964)	1,311
Changes in operating assets and liabilities:			
Trade accounts receivable	(54,380)	41,241	52,095
Unbilled receivables (contract assets)	(44,451)	(16,491)	(22,028)
Costs to fulfill a contract	(17,118)	(19,761)	(27,446)
Inventories	(110,196)	18,871	61,019
Accounts payable and accrued liabilities	122,963	67,793	(153,318)
Contract liabilities	12,466	24,848	25,882
Income taxes	29,644	21,509	(37,999)
Retirement benefits obligations	(6,424)	(6,848)	(3,777)
Other	(28,300)	(3,725)	74,574
Net cash provided by operating activities	<u>193,638</u>	<u>464,669</u>	<u>349,491</u>
Cash flows from investing activities:			
Payments for purchase of property, plant, and equipment	(52,868)	(37,689)	(47,087)
Proceeds from sale of assets	43	154	30,373
Payments for business acquisition, net of cash acquired	(21,549)	—	—
Proceeds from business divestiture	6,000	—	10,443
Proceeds from sales of short-term investments	12,557	16,575	12,700
Payments for purchases of short-term investments	(9,632)	(14,337)	(13,109)
Net cash used in investing activities	<u>(65,449)</u>	<u>(15,297)</u>	<u>(6,880)</u>
Cash flows from financing activities:			
Cash dividends paid	(44,978)	(36,041)	(37,664)
Proceeds from sales of treasury stock	21,897	34,706	24,909
Payments for repurchases of common stock	(485,300)	(53,344)	(13,346)
Borrowings on revolving lines of credit and short-term borrowings	952,000	74,400	1,248,135
Payments on revolving lines of credit and short-term borrowings	(885,200)	(74,400)	(1,510,746)
Payments of long-term debt and finance lease obligations	(797)	(161,628)	(1,520)
Net cash used in financing activities	<u>(442,378)</u>	<u>(136,318)</u>	<u>(290,242)</u>
Effect of exchange rate changes on cash and cash equivalents	(26,429)	2,138	1,828
Net change in cash and cash equivalents	<u>(140,618)</u>	<u>29,152</u>	<u>54,197</u>
Cash and cash equivalents, including restricted cash, at beginning of year	448,462	153,270	99,073
Cash and cash equivalents, including restricted cash, at end of year	<u>\$ 307,844</u>	<u>\$ 182,422</u>	<u>\$ 153,270</u>

See accompanying Notes to Consolidated Financial Statements

WOODWARD, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except per share amounts)

	Number of shares			Accumulated other comprehensive (loss) earnings										Stockholders' equity	
	Common stock	Treasury stock	Treasury stock held for deferred compensation	Common stock	Additional paid-in capital	Foreign currency translation adjustments	Unrealized gain (loss)	Minimum liability requirements	Self-insured benefits	Other comprehensive (loss) earnings	Deferred compensation	Retained earnings	Treasury stock at cost	Treasury stock held for deferred compensation	Total stockholders' equity
Balance as of September 30, 2012	72,362	(14,048)	(211)	\$ 292	\$ 202,124	\$ (83,351)	\$ (8,005)	\$ (5,134)	\$ (105,526)	\$ 9,342	\$ 2,234,879	\$ (82,088)	\$ (8,382)	\$ 1,758,711	
Cumulative effect from adoption of ASC 812	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Net earnings	—	—	—	—	—	—	—	—	—	—	246,395	—	—	246,395	
Other comprehensive earnings (loss), net of tax	—	—	—	—	—	12,544	(11,502)	10,470	—	13,312	—	—	—	12,824	
Cash dividends paid (\$0.4000 per share)	—	—	—	—	—	—	—	—	—	—	(17,664)	—	—	(17,664)	
Purchase of treasury stock	—	(241)	—	—	—	—	—	—	—	—	(1,345)	—	—	(12,941)	
Sales of treasury stock	—	763	—	—	(7,506)	—	—	—	—	—	—	—	—	20,134	
Common shares issued from treasury stock for benefit plans	—	(14)	—	—	(6,420)	—	—	—	—	—	—	—	—	(6,748)	
Stock based compensation	—	—	—	—	21,902	—	—	—	—	—	—	—	—	21,902	
Common shares issued from treasury stock for deferred compensation plan	—	—	(8)	—	—	—	—	—	—	—	—	—	—	(811)	
Distribution of stock from deferred compensation plan	—	—	—	—	—	—	—	—	—	—	(852)	—	—	(852)	
Balance as of September 30, 2013	72,362	(14,277)	(191)	\$ 192	\$ 210,146	\$ (80,841)	\$ (20,472)	\$ (28,646)	\$ (85,794)	\$ 1,122	\$ 2,437,805	\$ (77,476)	\$ (8,212)	\$ 1,948,827	
Net earnings	—	—	—	—	—	—	—	—	—	—	208,649	—	—	208,649	
Other comprehensive earnings (loss), net of tax	—	—	—	—	—	1,787	(5,401)	21,528	24,175	—	—	—	—	20,159	
Cash dividends paid (\$0.5000 per share)	—	—	—	—	—	—	—	—	—	—	(26,041)	—	—	(26,041)	
Purchase of treasury stock	—	(664)	—	—	—	—	—	—	—	—	(6,902)	—	—	(16,802)	
Sales of treasury stock	—	851	—	—	(1,218)	—	—	—	—	—	—	—	—	34,802	
Common shares issued from treasury stock for benefit plans	—	(12)	—	—	(6,542)	—	—	—	—	—	—	—	—	(6,554)	
Stock based compensation	—	—	—	—	21,475	—	—	—	—	—	—	—	—	21,475	
Common shares issued from treasury stock for deferred compensation plan	—	—	(5)	—	—	—	—	—	—	—	—	—	—	(511)	
Distribution of stock from deferred compensation plan	—	—	—	—	—	—	—	—	—	—	(1,669)	—	—	(1,669)	
Balance as of September 30, 2014	72,362	(15,177)	(187)	\$ 192	\$ 201,716	\$ (80,841)	\$ (20,472)	\$ (11,181)	\$ (87,111)	\$ 734	\$ 2,651,121	\$ (81,842)	\$ (7,999)	\$ 2,204,766	
Net earnings	—	—	—	—	—	—	—	—	—	—	191,619	—	—	191,619	
Other comprehensive earnings (loss), net of tax	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Cash dividends paid (\$0.7000 per share)	—	—	—	—	—	—	—	—	—	—	(44,978)	—	—	(44,978)	
Purchase of treasury stock	—	(1,131)	—	—	—	—	—	—	—	—	(17,788)	—	—	(18,919)	
Sales of treasury stock	—	468	—	—	(1,141)	—	—	—	—	—	—	—	—	(1,814)	
Common shares issued from treasury stock for benefit plans	—	(10)	—	—	(6,562)	—	—	—	—	—	—	—	—	(6,572)	
Stock based compensation	—	—	—	—	20,109	—	—	—	—	—	—	—	—	20,109	
Common shares issued from treasury stock for deferred compensation plan	—	—	(3)	—	—	—	—	—	—	—	—	—	—	(312)	
Distribution of stock from deferred compensation plan	—	—	—	—	—	—	—	—	—	—	(1,420)	—	—	(1,420)	
Balance as of September 30, 2015	72,362	(15,817)	(187)	\$ 192	\$ 194,565	\$ (80,841)	\$ (20,472)	\$ (16,161)	\$ (89,181)	\$ 936	\$ 2,777,431	\$ (1,027,184)	\$ (8,776)	\$ 1,641,077	

See accompanying Notes to Consolidated Financial Statements

WOODWARD, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except per share amounts)

Note 1. Operations and summary of significant accounting policies

Basis of presentation

The Consolidated Financial Statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") and include the accounts of Woodward, Inc. and its subsidiaries (collectively "Woodward" or "the Company"). Dollar amounts contained in these Consolidated Financial Statements are in thousands, except per share amounts.

Nature of operations

Woodward is an independent designer, manufacturer, and service provider of energy control and optimization solutions. Woodward designs, produces and services reliable, efficient, low-emission, and high-performance energy control products for diverse applications in challenging environments. Woodward has significant production and assembly facilities primarily in the United States, Europe and Asia, and promotes its products and services through its worldwide locations.

Woodward's strategic focus is providing energy control and optimization solutions for the aerospace and industrial markets. The precise and efficient control of energy, including motion, fluid, combustion and electrical energy, is a growing requirement in the markets Woodward serves. Woodward's customers look to it to optimize the efficiency, emissions and operation of power equipment in both commercial and defense operations. Woodward's core technologies leverage well across its markets and customer applications, enabling it to develop and integrate cost-effective and state-of-the-art fuel, combustion, fluid, actuation and electronic systems. Woodward focuses its solutions and services primarily on serving original equipment manufacturers ("OEMs") and equipment packagers, partnering with them to bring superior component and system solutions to their demanding applications. Woodward also provides aftermarket repair, maintenance, replacement and other service support for its installed products.

Woodward's components and integrated systems optimize performance of commercial aircraft, defense aircraft, military ground vehicles and other equipment, gas and steam turbines, industrial diesel, gas, biodiesel and dual-fuel reciprocating engines, and electrical power systems. Woodward's innovative motion, fluid, combustion and electrical energy control systems help its customers offer more cost-effective, cleaner, and more reliable equipment.

Global Business Conditions

We continue to monitor a variety of external issues impacting our business, including ongoing global supply chain and labor disruptions and rising labor and material inflation which together have led to a challenging industry-wide operating environment.

In fiscal year 2022 we experienced strong demand for our products and services, although our financial performance during fiscal year 2022 was adversely impacted by these issues. We are actively implementing strategies to mitigate our supply chain risk to better position us for future success. We also continue to assess the environment and are taking appropriate price actions in response to rising costs; however, the timing of many price increases can be delayed due to various pre-existing contractual arrangements. We remain focused on operational excellence initiatives, talent development and innovation to help drive the company forward and create value for our stockholders. We are unable to predict the full extent to which these issues will continue to adversely impact our business, including our operational performance, results of operations, cash flows, financial position, and the achievement of our strategic objectives. Such uncertainty may affect our ability to accurately predict our future performance and financial results.

We may take further actions to alter our business operations if we determine such actions are in the best interests of our stockholders, employees, customers and other stakeholders as appropriate. It is not currently clear what the potential effects of any such alterations or modifications may have on our business in future periods, including the effects on our customers, employees and prospects, or on our financial results.

Summary of significant accounting policies

Principles of consolidation: These Consolidated Financial Statements are prepared in accordance with U.S. GAAP and include the accounts of Woodward and its wholly and majority-owned subsidiaries. Transactions within and between these companies are eliminated.

Use of estimates: The preparation of the Consolidated Financial Statements requires management to make use of estimates and assumptions that affect the reported amount of assets and liabilities, at the date of the financial statements and the reported revenues and expenses recognized during the reporting period, and certain financial statement disclosures. Significant estimates include allowances for uncollectible amounts, net realizable value of inventories, customer rebates earned, useful lives of property and identifiable intangible assets, the evaluation of impairments of property, identifiable intangible assets and goodwill, the provision for income tax and related valuation reserves, the valuation of assets and liabilities acquired in business combinations, assumptions used in the determination of the funded status and annual expense of pension and postretirement employee benefit plans, the valuation of stock compensation instruments granted to employees, and contingencies. Actual results could differ from those estimates.

Foreign currency exchange rates: The assets and liabilities of substantially all subsidiaries outside the United States are translated at fiscal year-end rates of exchange, and earnings and cash flow statements are translated at weighted-average rates of exchange. The exchange rate in effect at the time of the cash flow is used for significant or infrequent cash flows, such as payments for a business acquisition, for which the use of weighted-average rates of exchange would result in a substantially different cash flow. Translation adjustments are accumulated with other comprehensive (losses) earnings as a separate component of stockholders' equity and are presented net of tax effects in the Consolidated Statements of Stockholders' Equity. The effects of changes in foreign currency exchange rates on loans between consolidated subsidiaries that are considered permanent in nature are also accumulated with other comprehensive earnings, net of tax.

The Company is exposed to market risks related to fluctuations in foreign currency exchange rates because some sales transactions, and certain assets and liabilities of its domestic and foreign subsidiaries, are denominated in foreign currencies. Selling, general, and administrative expenses include a net foreign currency gain of \$1,450 in fiscal year 2022, a net foreign currency loss of \$1,986 in fiscal year 2021, and a net foreign currency gain of \$194 in fiscal year 2020.

Revenue recognition: Revenue is recognized on contracts with customers for arrangements in which quantities and pricing are fixed and/or determinable and are generally based on customer purchase orders, often within the framework of a long-term supply arrangement with the customer. Woodward has determined that it is the principal in its sales transactions, as Woodward is primarily responsible for fulfilling the promised performance obligations, has discretion to establish the selling price, and generally assumes the inventory risk. Woodward recognizes revenue for performance obligations within a customer contract when control of the associated product or service is transferred to the customer. Some of Woodward's contracts with customers contain a single performance obligation, while other contracts contain multiple performance obligations. Each product within a contract generally represents a separate performance obligation as Woodward does not provide significant installation and integration services, the products do not customize each other, and the products can function independently of each other.

A contract's transaction price is allocated to each performance obligation and recognized as revenue when, or as, the customer obtains control of the associated product or service. When there are multiple performance obligations within a contract, Woodward generally uses the observable standalone sales price for each distinct product or service within the contract to allocate the transaction price to the distinct products or services. In instances when a standalone sales price for each product or service is not observable within the contract, Woodward allocates the transaction price to each performance obligation using an estimate of the standalone selling price for each product or service, which is generally based on incurred costs plus a reasonable margin, for each distinct product or service in the contract.

When determining the transaction price of each contract, Woodward considers contractual consideration payable by the customer and variable consideration that may affect the total transaction price. Variable consideration, consisting of early payment discounts, rebates and other sources of price variability, are included in the estimated transaction price based on both customer-specific information as well as historical experience.

Customers sometimes trade in used products in exchange for new or refurbished products. In addition, Woodward's customers sometimes provide inventory to Woodward which will be integrated into final products sold to those customers. Woodward obtains control of these exchanged products and customer provided inventory, and therefore, both are forms of noncash consideration. Noncash consideration paid by customers on overall sales transactions is additive to the transaction price. Woodward's net sales and cost of goods sold include the value of such noncash consideration for the same amount, with no resulting impact to earnings before income taxes. Upon receipt of such inventory, Woodward recognizes an inventory asset and a contract liability.

Point in time and over time revenue recognition: Control of the products generally transfers to the customer at a point in time, as the customer does not control the products as they are produced. Performance obligations are satisfied and revenue is recognized over time if: (i) the customer receives the benefits as Woodward performs work, if the customer

controls the asset as it is being enhanced, or if the product being produced for the customer has no alternative use to Woodward; and (ii) Woodward has an enforceable right to payment with a profit. For products being produced for the customer that have no alternative use to Woodward and Woodward has an enforceable right to payment with a profit, and where the products are substantially the same and have the same pattern of transfer to the customer, revenue is recognized as a series of distinct products. As Woodward satisfies manufacturing, repair and overhaul ("MRO") performance obligations, revenue is recognized over time, as the customer, rather than Woodward, controls the asset being enhanced. When services are provided, revenue from those services is recognized over time because control is transferred continuously to customers as Woodward performs the work.

For services that are not short-term in nature, MRO, and sales of products that have no alternative use to Woodward and an enforceable right to payment with a profit, Woodward uses an actual cost input measure to determine the extent of progress towards completion of the performance obligation. For these revenue streams, revenue is recognized over time as work is performed based on the relationship between actual costs incurred to-date for each contract and the total estimated costs for such contract at completion of the performance obligation (the cost-to-cost method). Woodward has concluded that this measure of progress best depicts the transfer of assets to the customer, because incurred costs are integral to Woodward's completion of the performance obligation under the specific customer contract and correlate directly to the transfer of control to the customer. Contract costs include labor, material and overhead. Contract cost estimates are based on various assumptions to project the outcome of future events. These assumptions include labor productivity and availability, the complexity of the work to be performed, the cost and availability of materials; the performance of subcontractors; and the availability and timing of funding from the customer. Revenues, including estimated fees or profits, are recorded proportionally as costs are incurred.

If at any time the estimate of contract profitability indicates an anticipated loss on the contract, Woodward recognizes provisions for estimated losses on uncompleted contracts in the period in which such losses are determined. In situations where the creditworthiness of a customer becomes in doubt, Woodward ceases to recognize the over-time revenue on the associated customer contract.

Occasionally, Woodward sells maintenance or service arrangements, extended warranties, or other stand ready services. Woodward recognizes revenue from such arrangements as a series of performance obligations over the time period in which the services are available to the customer.

Purchase accounting: Business combinations are accounted for using the purchase method of accounting. Under this method, assets and liabilities, including intangible assets, are recorded at their fair values as of the acquisition date. Acquisition costs in excess of amounts assigned to assets acquired and liabilities assumed are recorded as goodwill. Transaction-related costs associated with business combinations are expensed as incurred.

Material Rights and Costs to Fulfill a Contract: Customers sometimes pay consideration to Woodward for product engineering and development activities that do not result in the immediate transfer of distinct products or services to the customer. There is an implicit assumption that without the customer making such advance payments to Woodward, Woodward's future sales of products or services to the customer would be at a higher selling price; therefore, such payments create a "material right" to the customer that effectively gives the customer an option to acquire future products or services, at a discount, that are dependent upon the product engineering and development. Material rights are recorded as contract liabilities and will be recognized when control of the related products or services are transferred to the customer.

Woodward capitalizes costs of product engineering and development identified as material rights up to the amount of customer funding as costs to fulfill a contract because the costs incurred up to the amount of the customer funding commitment are recoverable. Due to the uncertainty of the product success and/or demand, fulfillment costs in excess of the customer funding are expensed as incurred. Woodward recognizes the deferred material rights as revenue based on a percentage of actual sales to total estimated lifetime sales of the related developed products as the customers exercise their option to acquire additional products or services at a discount. Woodward amortizes the capitalized costs to fulfill a contract as cost of goods sold proportionally to the recognition of the associated deferred material rights. Estimated total lifetime sales are reviewed at least annually and more frequently when circumstances warrant a modification to the previous estimate.

Woodward does not capitalize incremental costs of obtaining a contract, as Woodward does not pay sales commissions or incur other incremental costs related to contracts with Woodward's customers for arrangements in which quantities and pricing are fixed and/or determinable.

Contract liabilities: Advance payments and billings in excess of revenue recognized represent contract liabilities and are recorded as deferred revenues when customers remit contractual cash payments in advance of Woodward satisfying performance obligations under contractual arrangements, including those with performance obligations satisfied over time. Woodward generally receives advance payments from customers related to maintenance or service arrangements, extended warranties, or other stand ready services, which it recognizes over the performance period. Contract liabilities are satisfied when revenue is recognized and the performance obligation is satisfied. Advance payments and billings in excess of revenue recognized are included in deferred revenue, which is classified as current or noncurrent based on the timing of when Woodward expects to recognize revenue.

Customer payments: Woodward occasionally agrees to make payments to certain customers in order to participate in anticipated sales activity. Payments made to customers are accounted for as a reduction of revenue unless they are made in exchange for identifiable goods or services with fair values that can be reasonably estimated. Reductions in revenue associated with these customer payments are recognized immediately to the extent that the payments cannot be attributed to anticipated future sales, and are recognized in future periods to the extent that the payments relate to anticipated future sales. Such determinations are based on the facts and circumstances underlying each payment.

Stock-based compensation: Compensation cost relating to stock-based payment awards made to employees and directors is recognized in the financial statements using a fair value method. Non-qualified stock option awards and restricted stock awards are issued under Woodward's stock-based compensation plans. The cost of such awards, measured at the grant date, is based on the estimated fair value of the award.

Forfeitures are estimated at the time of each grant in order to estimate the portion of the award that will ultimately vest. The estimate is based on Woodward's historical rates of forfeitures and is updated periodically. The portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods, which is generally the vesting period of the awards.

Research and development costs: Company funded expenditures related to new product development, and significant product enhancement and/or upgrade activities are expensed as incurred and are separately reported in the Consolidated Statements of Earnings.

Income taxes: Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of Woodward's assets, liabilities, and certain unrecognized gains and losses recorded in accumulated other comprehensive (losses) earnings. Woodward provides for taxes that may be payable if undistributed earnings of overseas subsidiaries were to be remitted to the United States, except for those earnings that it considers to be indefinitely invested.

Cash equivalents: Highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents.

Accounts receivable: Almost all of Woodward's sales are made on credit and result in accounts receivable, which are recorded at the amount invoiced and are generally not collateralized. In the normal course of business, not all accounts receivable are collected and, therefore, an allowance for uncollectible amounts is provided equal to the amount that Woodward believes ultimately will not be collected, either from credit risk or other adjustments to the original selling price or anticipated cash discounts. In establishing the amount of the allowance related to the credit risk of accounts receivable, customer-specific information is considered related to delinquent accounts, past loss experience, bankruptcy filings, deterioration in the customer's operating results or financial position, current and forecasted economic conditions, and other relevant factors. Bad debt losses are deducted from the allowance, and the related accounts receivable balances are written off when the receivables are deemed uncollectible. Recoveries of accounts receivable previously written off are recognized when received. The allowance associated with anticipated other adjustments to the selling price or cash discounts is also established and is included in the allowance for uncollectible amounts. In establishing this amount, both customer-specific information as well as historical experience is considered.

In coordination with its customers and when terms are considered favorable to Woodward, Woodward from time-to-time transfers ownership to collect amounts due to Woodward for outstanding accounts receivable to third parties in exchange for cash. When the transfer of accounts receivable meets the criteria of Financial Accounting Standards Board ("FASB") ASC Topic 860-10, "Transfers and Servicing," and are without recourse, it is recognized as a sale and the accounts receivable is derecognized.

Unbilled receivables (contract assets) arise when the timing of billing differs from the timing of revenue recognized, such as when contract provisions require revenue to be recognized over time rather than at a point in time. Unbilled

receivables primarily relate to performance obligations satisfied over time when the cost-to-cost method is utilized and the revenue recognized exceeds the amount billed to the customer as there is not yet a right to payment in accordance with contractual terms. Unbilled receivables are recorded as a contract asset when the revenue associated with the contract is recognized prior to billing and derecognized when billed in accordance with the terms of the contract.

Consistent with common business practice in China, Woodward's Chinese subsidiaries accept bankers' acceptance notes from Chinese customers in settlement of certain customer billed accounts receivable. Bankers' acceptance notes are financial instruments issued by Chinese financial institutions as part of financing arrangements between the financial institution and a customer of the financial institution. Bankers' acceptance notes represent a commitment by the issuing financial institution to pay a certain amount of money at a specified future maturity date to the legal owner of the bankers' acceptance note as of the maturity date. The maturity date of bankers' acceptance notes varies, but it is Woodward's policy to only accept bankers' acceptance notes with maturity dates no more than 180 days from the date of Woodward's receipt of such draft. Woodward has elected to adopt the practical expedient to not adjust the promised amounts of consideration for the effects of a significant financing component at contract inception as the financing component associated with accepting bankers' acceptance notes has a duration of less than one year. Woodward's contracts with customers generally have no other financing components.

For composition of accounts receivable, see Note 3, Revenue.

Inventories: Inventories are valued at the lower of cost or net realizable value, with cost being determined using methods that approximate a first-in, first-out basis.

Short-term investments: From time to time, certain of Woodward's foreign subsidiaries will invest excess cash in short-term time deposits with a fixed maturity date of longer than three months but less than one year from the date of the deposit. Woodward believes that the investments are with creditworthy financial institutions. Amounts with maturities of less than 365 days are classified as "Other current assets."

Property, plant, and equipment: Property, plant, and equipment are recorded at cost and are depreciated over the estimated useful lives of the assets. Assets are generally depreciated using the straight-line method. Assets are tested for recoverability whenever events or circumstances indicate the carrying value may not be recoverable.

Estimated lives over which fixed assets are generally depreciated at September 30, 2022 were as follows:

Land improvements	3	–	20	years
Buildings and improvements	3	–	40	years
Leasehold improvements	1	–	10	years
Machinery and production equipment	3	–	20	years
Computer equipment and software	1	–	10	years
Office furniture and equipment	3	–	10	years
Other	3	–	10	years

Included in computer equipment and software are Woodward's enterprise resource planning ("ERP") systems, which have an estimated useful life of 15 years. All other computer equipment and software is generally depreciated over three years to five years.

Leases: Right-of-use ("ROU") assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of the remaining fixed lease payments over the lease term. In determining the estimated present value of lease payments, Woodward discounts the fixed lease payments using the rate implicit in the agreement or, if the implicit rate is not known, using the incremental borrowing rate. Woodward's incremental borrowing rate is based on the information available at the lease commencement date, with consideration given to Woodward's recent debt issuances as well as publicly available data for instruments with similar characteristics.

For operating leases, lease expense is recognized over the expected lease term and classified as a cost of goods sold or selling, general and administrative expense based on the nature of the underlying leased asset. For finance leases, the ROU asset is recognized over the shorter of the useful life of the asset, consistent with Woodward's normal depreciation policy, or the lease term, and is classified as a cost of goods sold, selling, general and administrative expense, or research and development expense, based on the nature and use of the underlying leased asset.

Certain of Woodward's operating lease agreements include variable payments that are passed through by the landlord, such as insurance, taxes, and common area maintenance, payments based on the usage of the asset, and rental payments adjusted periodically for inflation. Pass-through charges, payments due to changes in usage of the asset, and

payments due to changes in indexation are included within variable rent expense and are recognized in the period in which the variable obligation for the payments was incurred.

Goodwill: Woodward tests goodwill for impairment at the reporting unit level on an annual basis and more often if an event occurs or circumstances change that indicates the fair value of a reporting unit may be below its carrying amount. Based on the relevant U.S. GAAP authoritative guidance, Woodward aggregates components of a single operating segment into a reporting unit, if appropriate. The impairment test consists of comparing the implied fair value of each reporting unit with its carrying amount that includes goodwill. If the carrying amount of the reporting unit exceeds its implied fair value, Woodward compares the implied fair value of goodwill with the recorded carrying amount of goodwill. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss would be recognized to reduce the carrying amount to its implied fair value.

Based on the results of Woodward's annual goodwill impairment testing, no impairment charges were recorded in the year ended September 30, 2022 or since the goodwill was originally recorded due to the annual goodwill impairment test.

Other intangibles: Other intangibles are recognized apart from goodwill whenever an acquired intangible asset arises from contractual or other legal rights, or whenever it is capable of being separated or divided from the acquired entity and sold, transferred, licensed, rented, or exchanged, either individually or in combination with a related contract, asset, or liability. Woodward amortizes the cost of other intangibles over their useful lives unless such lives are deemed indefinite. The cost of finite-lived other intangibles are amortized over their respective useful life using patterns that reflect the periods over which the economic benefits of the assets are expected to be realized. Amortization expense is allocated to cost of goods sold and selling, general, and administrative expenses based on the nature of the intangible asset. Finite-lived other intangible assets are reviewed for impairment whenever an event occurs or circumstances change indicating that the related carrying amount of the other intangible asset may not be recoverable. Impairment losses are recognized if the carrying amount of an intangible is both not recoverable and exceeds its fair value.

Woodward has recorded no impairment charges related to its other intangibles as of September 30, 2022.

Estimated lives over which intangible assets are amortized at September 30, 2022 were as follows:

Customer relationships and contracts	11	–	30	years
Intellectual property	15	–	17	years
Process technology	10	–	30	years
Other	5	–	5	years

Woodward has one indefinitely lived intangible asset consisting of the Woodward L'Orange trade name. The Woodward L'Orange trade name intangible asset is tested for impairment on an annual basis and more often if an event occurs or circumstances change that indicate the fair value of the Woodward L'Orange intangible asset may be below its carrying amount. The impairment test consists of comparing the fair value of the Woodward L'Orange trade name intangible asset, determined using discounted cash flows, with its carrying amount. If the carrying amount of the Woodward L'Orange intangible asset exceeds its fair value, an impairment loss would be recognized to reduce the carrying amount to its fair value. Woodward has not recorded any impairment charges.

Impairment of long-lived assets: Woodward reviews the carrying amount of its long-lived assets or asset groups to be used in operations whenever events or changes in circumstances indicate that the carrying amount of the assets might not be recoverable. Factors that would necessitate an impairment assessment include a significant adverse change in the extent or manner in which an asset is used, a significant adverse change in legal factors or the business climate that could affect the value of the asset, or a significant decline in the observable market value of an asset, among others.

If such facts indicate a potential impairment, the Company would assess the recoverability of an asset group by determining if the carrying amount of the asset group exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the assets over the remaining economic life of the primary asset in the asset group. If the recoverability test indicates that the carrying amount of the asset group is not recoverable, the Company will estimate the fair value of the asset group using appropriate valuation methodologies, which would typically include an estimate of discounted cash flows. Any impairment would be measured as the difference between the asset group's carrying amount and its estimated fair value.

Investment in marketable equity securities: Woodward holds marketable equity securities related to its deferred compensation program. Based on Woodward's intentions regarding these instruments, marketable equity securities are classified as trading securities. The trading securities are reported at fair value, with realized gains and losses recognized in "Other (income) expense, net." The trading securities are included in "Other assets." The associated obligation to provide benefits under the deferred compensation program is included in "Other liabilities."

Investments in unconsolidated subsidiaries: Investments in, and operating results of, entities in which Woodward does not have a controlling financial interest or the ability to exercise significant influence over the operations are included in the financial statements using the cost method of accounting. Investments and operating results of entities in which Woodward does not have a controlling interest but does have the ability to exercise significant influence over operations are included in the financial statements using the equity method of accounting.

Deferred compensation: The Company maintains a deferred compensation plan, or "rabbi trust," as part of its overall compensation package for certain employees.

Deferred compensation obligations will be settled either by delivery of a fixed number of shares of Woodward's common stock (in accordance with certain eligible members' irrevocable elections) or in cash. Woodward has contributed shares of its common stock into a trust established for the future settlement of deferred compensation obligations that are payable in shares of Woodward's common stock. Common stock held by the trust is reflected in the Consolidated Balance Sheets as "Treasury stock held for deferred compensation" and the related deferred compensation obligation is reflected as a separate component of equity in amounts equal to the fair value of the common stock at the dates of contribution. These accounts are not adjusted for subsequent changes in the fair value of the common stock. Deferred compensation obligations that will be settled in cash are accounted for on an accrual basis in accordance with the terms of the underlying contract and are reflected in the Consolidated Balance Sheet as "Other liabilities."

Financial instruments: The Company's financial instruments include cash and cash equivalents, short-term investments, investments in the deferred compensation program, notes receivable from municipalities, investments in term deposits, cross-currency interest rate swaps and debt. Because of their short-term maturity, the carrying amount of cash and cash equivalents, and short-term debt approximate fair value. Financial assets and liabilities recorded at fair value in the Consolidated Balance Sheets are categorized based upon a fair value hierarchy established by U.S. GAAP which prioritizes the inputs used to measure fair value into the following levels:

Level 1: Inputs based on quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Quoted prices included in Level 1, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable and can be corroborated by observable market data.

Level 3: Inputs reflect management's best estimates and assumptions of what market participants would use in pricing the asset or liability at the measurement date. The inputs are unobservable in the market and significant to the valuation of the instruments.

Further information on the fair value of financial instruments can be found at Note 7, *Financial instruments and fair value measurements*.

Derivatives: The Company is exposed to various global market risks, including the effect of changes in interest rates, foreign currency exchange rates, changes in certain commodity prices and fluctuations in various producer indices. From time to time, Woodward enters into derivative instruments for risk management purposes only, including derivatives designated as accounting hedges and/or those utilized as economic hedges. Woodward uses interest rate related derivative instruments to manage its exposure to fluctuations of interest rates. Woodward does not enter into or issue derivatives for trading or speculative purposes.

By using derivative and/or hedging instruments to manage its risk exposure, Woodward is subject, from time to time, to credit risk and market risk on those derivative instruments. Credit risk arises from the potential failure of the counterparty to perform under the terms of the derivative and/or hedging instrument. When the fair value of a derivative contract is positive, the counterparty owes Woodward, which creates credit risk for Woodward. Woodward mitigates this credit risk by entering into transactions only with counterparties that are believed to be creditworthy. Market risk arises from the potential adverse effects on the value of derivative and/or hedging instruments that result from a change in interest rates, commodity prices, or foreign currency exchange rates. Woodward minimizes this market risk by establishing and monitoring parameters that limit the types and degree of market risk that may be undertaken.

From time to time, in order to hedge against foreign currency exposure, Woodward designates certain non-derivative financial instrument loans as net investment hedges. Foreign exchange gains or losses on these loans are recognized in foreign currency translation adjustments within total comprehensive (losses) earnings. Also, to hedge against the foreign currency exposure attributable to non-functional currency denominated intercompany loans, Woodward has entered into derivative instruments in fair value hedging relationships and cash flow hedging relationships.

Further information on net investment hedges and derivative instruments in fair value and cash flow hedging relationships, including the Company's policy in accounting for these derivatives, can be found at Note 8, *Derivative instruments and hedging activities*.

Postretirement benefits: The Company provides various benefits to certain current and former employees through defined benefit pension and postretirement plans. For financial reporting purposes, net periodic benefits expense and related obligations are calculated using a number of significant actuarial assumptions. Changes in net periodic expense and funding status may occur in the future due to changes in these assumptions. The funded status of defined pension and postretirement plans recognized in the statement of financial position is measured as the difference between the fair market value of the plan assets and the benefit obligation. For a defined benefit pension plan, the benefit obligation is the projected benefit obligation; for any other defined benefit postretirement plan, such as a retiree health care plan, the benefit obligation is the accumulated benefit obligation. Any over-funded status is recognized as an asset and any underfunded status is recognized as a liability.

Projected benefit obligation is the actuarial present value as of the measurement date of all benefits attributed by the plan benefit formula to employee service rendered before the measurement date using assumptions as to future compensation levels if the plan benefit formula is based on those future compensation levels. The accumulated benefit obligation is the actuarial present value of benefits (whether vested or unvested) attributed by the plan benefit formula to employee service rendered before the measurement date and based on employee service and compensation, if applicable, prior to that date. The accumulated benefit obligation differs from the projected benefit obligation in that it includes no assumption about future compensation levels.

Note 2. New accounting standards

From time to time, the Financial Accounting Standards Board ("FASB") or other standards setting bodies issue new accounting pronouncements. Updates to the FASB Accounting Standards Codification ("ASC") are communicated through issuance of an Accounting Standards Update ("ASU"). Recently adopted or anticipated impacts of significant future ASU's are described below, as applicable.

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." The purpose of ASU 2020-04 is to provide optional guidance for a limited time to ease the potential burden in accounting for, or recognizing the effects of, reference rate reform on financial reporting. In response to concerns about structural risks of interbank offered rates, and, in particular, the risk of cessation of the London Interbank Offered Rate (LIBOR), reference rate reform refers to a global initiative to identify alternative reference rates that are more observable or transaction-based and less susceptible to manipulation. ASU 2020-04 is effective for all entities as of March 12, 2020 through December 31, 2022. Once elected for a topic or an industry subtopic, the amendments in ASU 2020-04 must be applied prospectively for all eligible contract modifications for that topic or industry subtopic. Woodward has assessed the accounting and financial impact of ASU 2020-04, and concluded no financial assets or liabilities, including those involved in hedging relationships, will be materially impacted as a result of the cessation of LIBOR. Accordingly, Woodward will not elect to apply the amendments in ASU 2020-04 for contract modifications.

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." ASU 2019-12 amends ASC 740 to simplify the accounting for income taxes by removing certain exceptions for investments, intraperiod allocations and interim calculations, and adding guidance to reduce complexity in the accounting standard under the FASB's simplification initiative. ASU 2019-12 is effective for public entities for fiscal years beginning after December 15, 2020 (fiscal year 2022 for Woodward). Upon adoption, the amendments in ASU 2019-12 should be applied on a prospective basis to all periods presented. Woodward elected to early adopt the new guidance effective January 1, 2021, which did not have a material effect on the Consolidated Financial Statements.

In June 2016, the FASB issued ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." ASU 2016-13 adds a current expected credit loss ("CECL") impairment model to U.S. GAAP that is based on expected losses rather than incurred losses. Modified retrospective adoption is required with any cumulative-effect adjustment recorded to retained earnings as of the beginning of the period of adoption. ASU 2016-13 is effective for fiscal years beginning after December 15, 2019 (fiscal year 2021 for Woodward), including interim periods within the year of adoption. Woodward adopted ASU 2016-13, and all applicable amendments, on October 1, 2020 using the modified retrospective adoption method. Based on the nature of the Company's financial instruments included within the scope of this standard, the adoption did not have a material effect on the Consolidated Financial Statements. See details of the Company's allowance for uncollectible amounts and change in expected credit losses for billed receivables and unbilled receivables (contract assets) at Note 3, *Revenue*.

Note 3. Revenue

Sales of Products

Woodward primarily generates revenue through the manufacture and sale of engineered aerospace and industrial products, including revenue derived from MRO performance obligations performed on products originally manufactured by Woodward and subsequently returned by OEM or other end-user customers. The majority of Woodward's costs incurred to satisfy MRO performance obligations are related to replacing and/or refurbishing component parts of the returned products to restore the units back to a condition generally comparable to that of the unit upon its initial sale to an OEM customer. Therefore, Woodward considers almost all of its revenue to be derived from product sales, including those related to MRO.

	Year Ended September 30,		
	2022	2021	2020
Manufactured products	84%	85%	85%
MRO	14%	13%	12%
Services	2%	1%	2%

Point in time and over time revenue recognition

The amount of revenue recognized as point in time or over time follows:

	For the Year Ended September 30,								
	2022			2021			2020		
	Aerospace	Industrial	Consolidated	Aerospace	Industrial	Consolidated	Aerospace	Industrial	Consolidated
Point in time	\$ 593,233	\$ 509,737	\$ 1,102,970	\$ 481,422	\$ 527,233	\$ 1,008,655	\$ 590,817	\$ 592,157	\$ 1,182,974
Over time	926,089	353,731	1,279,820	522,695	314,482	1,237,177	1,000,146	312,945	1,312,691
Total net sales	\$ 1,519,322	\$ 863,468	\$ 2,382,790	\$ 1,004,117	\$ 841,715	\$ 2,245,832	\$ 1,590,963	\$ 905,102	\$ 2,498,665

Material Rights and Costs to Fulfill a Contract

Amounts recognized related to changes in estimated total lifetime sales for material rights and costs to fulfill contracts with customers follows:

	Year Ended September 30,		
	2022	2021	2020
Revenue	\$ 1,514	\$ 2,071	\$ 6,784
Cost of goods sold	667	1,961	6,638

Amounts recognized related to amortization of costs to fulfill contracts and contract liabilities, which were not related to changes in estimate, follows:

	Year Ended September 30,		
	2022	2021	2020
Revenue	\$ 4,107	\$ 4,455	\$ 1,664
Cost of goods sold	3,077	3,466	1,241

As of September 30, 2022, "Other assets" on the Consolidated Balance Sheets included \$167,610 of capitalized costs to fulfill contracts with customers, compared to \$152,885 as of September 30, 2021.

Accounts Receivable and Contract assets

Customer receivables include amounts billed and currently due from customers as well as unbilled amounts (contract assets) and are included in "Accounts receivable" in Woodward's Consolidated Balance Sheets. Amounts are billed in accordance with contractual terms, which are generally tied to shipment of the products to the customer, or as work progresses in accordance with contractual terms. Billed accounts receivable are typically due within 60 days. Woodward's contracts with customers generally have no financing components.

Accounts receivable consisted of the following:

	September 30, 2022		September 30, 2021	
Billed receivables				
Trade accounts receivable	\$	359,364	\$	298,951
Other (Chinese financial institutions)		9,405		23,168
Total billed receivables		368,769		322,119
Current unbilled receivables (contract assets)		245,117		204,596
Total accounts receivable		613,886		526,715
Less: Allowance for uncollectible amounts		(18,922)		(19,664)
Total accounts receivable, net	\$	594,964	\$	507,051

As of September 30, 2022, "Other assets" on the Consolidated Balance Sheets includes \$6,649 of unbilled receivables not expected to be invoiced and collected within a period of twelve months, compared to \$9,424 as of September 30, 2021. Unbilled receivables not expected to be invoiced and collected within a period of twelve months are primarily attributable to customer delays for deliveries on firm orders in the Aerospace segment due to global supply chain and labor disruptions.

Billed and unbilled accounts receivable from the U.S. Government were less than 10% of total billed and unbilled accounts receivable at September 30, 2022 and September 30, 2021.

The allowance for uncollectible amounts and change in expected credit losses for trade accounts receivable and unbilled receivables (contract assets) consisted of the following:

	Year Ended September 30,			
	2022		2021	
Balance, beginning	\$	3,664	\$	8,359
Charged to costs and expenses, or sales allowance		1,866		2,282
Deductions		(1,587)		(7,255)
Other (deductions)/additions ⁽¹⁾		(21)		178
Balance, ending	\$	3,922	\$	3,664

(1) Includes effects of foreign exchange rate changes during the period.

Woodward adopted ASU 2016-13 on October 1, 2021. The change in the allowance for uncollectible amounts during the fiscal year ended September 30, 2020, is based on incurred losses rather than expected credit losses per the CECL impairment model.

Contract liabilities

Contract liabilities consisted of the following:

	September 30, 2022		September 30, 2021	
	Current	Noncurrent	Current	Noncurrent
Deferred revenue from material rights from GE joint venture formation	\$	5,754	\$	234,516
Deferred revenue from advanced invoicing and/or prepayments from customers		4,120		38
Liability related to customer supplied inventory		12,442		14,169
Deferred revenue from material rights related to engineering and development funding		8,347		161,291
Net contract liabilities	\$	30,663	\$	396,345

The current portion of contract liabilities is included in "Accrued liabilities" and the noncurrent portion is included in "Other liabilities" of Woodward's Consolidated Balance Sheets. Woodward recognized revenue of \$22,313 in the year ended September 30, 2022 from contract liabilities balances recorded as of September 30, 2021, compared to \$19,925 in the year ended September 30, 2021 from contract liabilities balances recorded as of September 30, 2020.

Woodward recognized revenue of \$65,702 for the fiscal year ended September 30, 2022, compared to \$71,517 for the fiscal year ended September 30, 2021 and \$79,569 for the fiscal year ended September 30, 2020, related to noncash consideration received from customers. The Aerospace segment recognized \$63,358 for the fiscal year ended September 30, 2022, compared to \$69,195 for the fiscal year ended September 30, 2021 and \$78,179 for the fiscal year ended September 30, 2020, while the Industrial segment recognized \$2,343 for the fiscal year ended September 30, 2022 compared to \$2,322 for the fiscal year ended September 30, 2021 and \$1,390 for the fiscal year ended September 30, 2020.

Remaining performance obligations

Remaining performance obligations related to the aggregate amount of the total contract transaction price of firm orders for which the performance obligation has not yet been recognized in revenue as of September 30, 2022 was \$1,558,588, compared to \$1,283,311 as of September 30, 2021, the majority of which in both periods relate to Woodward's Aerospace segment. Woodward expects to recognize almost all of these remaining performance obligations within two years after September 30, 2022.

Remaining performance obligations related to material rights that have not yet been recognized in revenue as of September 30, 2022 was \$448,370, of which \$12,718 is expected to be recognized in fiscal year 2023, and the balance is expected to be recognized thereafter. Woodward expects to recognize revenue from performance obligations related to material rights over the life of the underlying programs, which may be as long as forty years.

Disaggregation of Revenue

Woodward designs, produces and services reliable, efficient, low-emission, and high-performance energy control products for diverse applications in markets throughout the world. Woodward reports financial results for each of its Aerospace and Industrial reportable segments. Woodward further disaggregates its revenue from contracts with customers by primary market and by geographical area as Woodward believes this best depicts how the nature, amount, timing and uncertainty of its revenue and cash flows are affected by economic factors.

Revenue by primary market for the Aerospace reportable segment was as follows:

	Year Ended September 30,		
	2022	2021	2020
Commercial OEM	\$ 499,438	\$ 386,543	\$ 434,306
Commercial aftermarket	420,881	306,547	399,843
Defense OEM	422,016	509,815	526,264
Defense aftermarket	176,987	201,212	230,550
Total Aerospace segment net sales	\$ 1,519,322	\$ 1,404,117	\$ 1,590,963

Revenue by primary market for the Industrial reportable segment was as follows:

	Year Ended September 30,		
	2022	2021	2020
Recoating engines	\$ 636,866	\$ 639,946	\$ 632,555
Industrial turbines	226,602	201,769	222,366
Renewables ⁽¹⁾	—	—	49,781
Total Industrial segment net sales	\$ 863,468	\$ 841,715	\$ 904,702

(1) Sales in the renewables market were discontinued as of May 1, 2020 following the closing of the divestiture of the disposal group (see Note 10, Acquisitions and Divestitures).

The customers who account for approximately 10% or more of net sales of each of Woodward's reportable segments are as follows:

	For the Year Ended September 30,	
	2022	2021
Aerospace	Raytheon Technologies, The Boeing Company, GE	The Boeing Company, Raytheon Technologies, GE
Industrial	Rolls-Royce PLC, Wärtsilä, Caterpillar	Rolls-Royce PLC, Weichai Westport, GE

Net sales by geographic area, as determined based on the location of the customer, were as follows:

	Year Ended September 30,								
	2022			2021			2020		
	Aerospace	Industrial	Consolidated	Aerospace	Industrial	Consolidated	Aerospace	Industrial	Consolidated
United States	\$ 1,105,860	\$ 205,740	\$ 1,311,600	\$ 1,103,373	\$ 174,750	\$ 1,278,123	\$ 1,231,034	\$ 195,450	\$ 1,426,484
Germany	57,840	174,215	232,055	31,005	110,491	141,496	52,435	181,330	233,865
Europe, excluding Germany	128,719	234,795	363,514	95,984	195,957	291,941	122,938	214,033	336,971
China	49,407	86,972	136,379	35,285	178,983	214,269	38,559	173,525	209,885
Asia, excluding China	73,334	128,855	202,189	23,363	114,137	137,500	77,068	113,001	140,069
Other countries	154,162	32,890	187,052	115,106	25,197	140,303	118,959	29,362	148,321
Total net sales	\$ 1,519,322	\$ 863,468	\$ 2,382,790	\$ 1,404,117	\$ 841,715	\$ 2,245,832	\$ 1,590,963	\$ 904,702	\$ 2,495,665

Note 4. Earnings per share

Basic earnings per share is computed by dividing net earnings available to common stockholders by the weighted-average number of shares of common stock outstanding for the period.

Diluted earnings per share reflects the weighted-average number of shares outstanding after consideration of the dilutive effect of stock options and restricted stock.

The following is a reconciliation of net earnings to basic earnings per share and diluted earnings per share:

	Year Ended September 30,		
	2022	2021	2020
Numerator:			
Net earnings	\$ 171,698	\$ 208,649	\$ 240,395
Denominator:			
Basic shares outstanding	61,517	63,287	62,267
Dilutive effect of stock options and restricted stock units	1,727	2,368	1,942
Diluted shares outstanding	63,244	65,655	64,209
Income per common share:			
Basic earnings per share	\$ 2.79	\$ 3.30	\$ 3.86
Diluted earnings per share	\$ 2.71	\$ 3.18	\$ 3.74

The following stock option grants were outstanding during the fiscal years ended September 30, 2022, 2021 and 2020, but were excluded from the computation of diluted earnings per share because their inclusion would have been anti-dilutive.

	Year Ended September 30,		
	2022	2021	2020
Options	1,015	41	660
Weighted-average option price	\$ 110.73	\$ 116.38	\$ 104.45

The weighted-average shares of common stock outstanding for basic and diluted earnings per share included the weighted-average treasury stock shares held for deferred compensation obligations of the following:

	Year Ended September 30,		
	2022	2021	2020
Weighted-average treasury stock shares held for deferred compensation obligations	151	186	211

Note 5. Leases

Woodward is primarily a lessee in lease arrangements but has some embedded lessor arrangements.

Lessee arrangements

Woodward has entered into operating leases for certain facilities and equipment with terms in excess of one year under agreements that expire at various dates. Some leases require the payment of property taxes, insurance, maintenance costs, or other similar costs in addition to rental payments. Woodward has also entered into finance leases for equipment with terms in excess of one year under agreements that expire at various dates.

None of Woodward's lease agreements contain significant residual value guarantees, restrictions, or covenants. As of September 30, 2022, Woodward has not entered into any lease arrangements that have not yet commenced but would create significant rights and obligations. Woodward does not have any lease transactions between related parties.

Lease-related assets and liabilities follows:

	Classification on the Consolidated Balance Sheets	September 30, 2022		September 30, 2021	
Assets:					
Operating lease assets	Other assets	\$	25,144	\$	19,370
Finance lease assets	Property, plant and equipment, net		5,474		785
Total lease assets			30,618		20,155
Current liabilities:					
Operating lease liabilities	Accrued liabilities		4,587		5,260
Finance lease liabilities	Current portion of long-term debt		856		728
Noncurrent liabilities:					
Operating lease liabilities	Other liabilities		21,443		14,770
Finance lease liabilities	Long-term debt, less current portion		4,405		475
Total lease liabilities			\$ 31,291		\$ 21,233

In the first quarter of fiscal year 2020, Woodward determined that the approved plan to divest of the renewable power systems business and other related businesses (as described more fully in Note 10, *Acquisitions and Divestitures*, and defined therein as the "disposal group") represented a triggering event requiring the long-lived assets attributable to the disposal group be assessed for impairment. Given the facts and circumstances at that time, Woodward determined that the remaining value of the ROU assets of the disposal group were not recoverable, and a \$639 non-cash impairment charge was recorded during the fiscal year ended September 30, 2020.

Supplemental lease-related information follows:

	September 30, 2022	September 30, 2021
Weighted average remaining lease term		
Operating leases	8.3 years	4.3 years
Finance leases	9.7 years	1.7 years
Weighted average discount rate		
Operating leases	3.6%	3.2%
Finance leases	3.4%	2.8%

Lease-related expenses were as follows:

	Year Ended September 30,		
	2022	2021	2020
Operating lease expense	\$ 6,335	\$ 6,559	\$ 6,164
Amortization of financing lease assets	454	425	476
Interest on financing lease liabilities	51	58	87
Variable lease expense	929	1,495	1,101
Short-term lease expense	190	283	466
Sublease income ⁽¹⁾	(192)	(680)	(697)
Total lease expense	\$ 7,767	\$ 8,140	\$ 7,597

(1) Relates to two separate subleases Woodward has entered into for a leased manufacturing building in Niles, Illinois. During fiscal year 2022, these subleases were terminated.

Lease-related supplemental cash flow information was as follows:

	Year Ended September 30,		
	2022	2021	2020
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases	\$ 5,303	\$ 5,707	\$ 5,622
Operating cash flows for finance leases	51	58	87
Financing cash flows for finance leases	796	1,639	1,590
Right-of-use assets obtained in exchange for recorded lease obligations:			
Operating leases	14,678	6,871	6,501
Finance leases	4,046	35	1,244

Maturities of lease liabilities were as follows:

Year Ending September 30:	Operating Leases		Finance Leases	
	2023	\$	5,383	\$
2024		4,695		1,002
2025		3,768		870
2026		3,156		870
2027		2,592		868
Thereafter		10,959		1,919
Total lease payments		30,553		6,561
Less: imputed interest		(8,523)		(1,300)
Total lease obligations	\$	22,030	\$	5,261

Lessor arrangements

Woodward has assessed its manufacturing contracts and concluded that certain of the contracts for the manufacture of customer products met the criteria to be considered a leasing arrangement ("embedded leases") with Woodward as the lessor. The specific manufacturing contracts that met the criteria were those that utilized Woodward property, plant and equipment and which is substantially (more than 90%) dedicated to the manufacturing of the product(s) for a single customer. Woodward has dedicated manufacturing lines with four of its customers representing embedded leases, all of which qualified as operating leases with undefined quantities of future customer purchase commitments.

Although Woodward expects to allocate some portion of future net sales to these customers to embedded lessor arrangements, it cannot provide expected future undiscounted lease payments from property, plant and equipment leased to customers as of September 30, 2022. If, in the future, customers reduce purchases of related products from Woodward, the Company believes it will derive additional value from the underlying equipment by repurposing its use to support other customer arrangements.

Woodward recognizes revenue from the embedded lessor arrangements based on the value of the underlying dedicated property, plant, and equipment. There are no fixed payments that the customers under the embedded lessor arrangements are obligated to pay. Therefore, all the customer payments under the embedded lessor arrangements are considered variable with the associated leasing revenue recognized when the revenue from underlying product sale related to variable lease payment is recognized. Revenue from contracts with customers that included embedded operating leases, which is included in "Net sales" at the Consolidated Statements of Earnings, was \$5,528 for the fiscal year ended September 30, 2022, compared to \$6,305 for the fiscal year ended September 30, 2021.

The carrying amount of property, plant and equipment leased to others through embedded leasing arrangements, included in "Property, plant and equipment, net" at the Consolidated Balance Sheets, follows:

	September 30, 2022		September 30, 2021	
Property, plant and equipment leased to others through embedded leasing arrangements	\$	44,912	\$	93,732
Less accumulated depreciation		(25,508)		(35,733)
Property, plant and equipment leased to others through embedded leasing arrangements, net	\$	19,404	\$	57,999

Note 6. Joint venture

In fiscal year 2016, Woodward and GE, acting through its GE Aviation business unit, consummated the formation of a strategic joint venture between Woodward and GE (the "JV") to develop, manufacture and support fuel systems for specified existing and all future GE commercial aircraft engines that produce thrust in excess of fifty thousand pounds.

Unamortized deferred revenue from material rights in connection with the JV formation included:

	September 30, 2022		September 30, 2021	
Accrued liabilities	\$	5,754	\$	4,771
Other liabilities		234,516		234,237

Amortization of the deferred revenue (material right) recognized as an increase to sales was \$3,633 for the fiscal year ended September 30, 2022, \$4,191 for the fiscal year ended September 30, 2021, and \$5,493 for the fiscal year ended September 30, 2020.

Woodward and GE jointly manage the JV and any significant decisions and/or actions of the JV require the mutual consent of both parties. Neither Woodward nor GE has a controlling financial interest in the JV, but both Woodward and GE do have the ability to significantly influence the operating and financial decisions of the JV. Therefore, Woodward is accounting for its 50% ownership interest in the JV using the equity method of accounting. The JV is a related party to Woodward. In addition, GE will continue to pay contingent consideration to Woodward consisting of fifteen annual payments of \$4,894 each, which began on January 4, 2017, subject to certain claw-back conditions. Woodward received its fifth and six annual payments of \$4,894 during the three-months ended March 31, 2021 and March 31, 2022, respectively, which were recorded as deferred income and included in Net cash provided by operating activities on the Consolidated Statements of Cash Flows. Neither Woodward nor GE contributed any tangible assets to the JV.

Other income related to Woodward's equity interest in the earnings of the JV was as follows:

	For the Year Ended September 30,		
	2022	2021	2020
Other income	\$ 18,193	\$ 11,366	\$ 15,580

Cash distributions to Woodward from the JV, recognized in Net cash provided by operating activities on the Consolidated Statements of Cash Flows, from the JV include:

	Year Ended September 30,		
	2022	2021	2020
Cash distributions	\$ 17,000	\$ 13,500	\$ 14,000

Net sales to the JV were as follows:

	For the Year Ended September 30,		
	2022	2021	2020
Net sales ⁽¹⁾	\$ 28,100	\$ 35,957	\$ 48,222

(1) Net sales include a reduction of \$28,054 for the fiscal year ended September 30, 2022, \$21,101 for the fiscal year ended September 30, 2021, and \$23,904 for the fiscal year ended September 30, 2020 related to royalties owed to the JV by Woodward on sales by Woodward directly to third party aftermarket customers.

The Consolidated Balance Sheets include "Accounts receivable" related to amounts the JV owed Woodward, "Accounts payable" related to amounts Woodward owed the JV, and "Other assets" related to Woodward's net investment in the JV, as follows:

	September 30, 2022		September 30, 2021	
Accounts receivable	\$	4,172	\$	3,639
Accounts payable		4,069		2,823
Other assets		8,181		6,988

Woodward records in "Other liabilities" amounts invoiced to the JV for support of the JV's engineering and development projects as an increase to contract liabilities, and records in "Other assets" related incurred expenditures as costs to fulfill a contract. Woodward's contract liabilities classified as "Other liabilities" included amounts invoiced to the JV as of September 30, 2022 of \$79,257 compared to \$73,657 as of fiscal year ended September 30, 2021. Woodward's costs to fulfill a contract included in "Other assets" related to JV activities were \$79,257 as of September 30, 2022 and \$73,657 as of fiscal year ended September 30, 2021. In the fiscal year ended September 30, 2022, Woodward recognized a \$1,146 reduction in the contract liability in "Other liabilities" and a \$1,146 reduction in costs to fulfill a contract in "Other assets" related to the recognition of revenue and cost of goods sold that was included in the contract liability and contract asset, respectively, at the beginning of the fiscal year. In the fiscal year ended September 30, 2021, Woodward recognized a \$2,072 reduction in the contract liability in "Other liabilities" and a \$2,072 reduction in costs to fulfill a contract in "Other assets" related to the termination of a JV engineering and development project previously recognized as a material right. No reductions in costs to fulfill a contract or contract liabilities were recorded during the fiscal years ended September 30, 2022 and September 30, 2021 as a result of the termination of joint venture engineering and development projects.

Note 7. Financial instruments and fair value measurements

The table below presents information about Woodward's financial assets and liabilities that are measured at fair value on a recurring basis and indicates the fair value hierarchy of the valuation techniques Woodward utilized to determine such fair value.

	At September 30, 2022				At September 30, 2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets:								
Investments in term deposits with foreign banks	\$ 37,605	—	—	\$ 37,605	\$ 13,187	—	—	\$ 13,187
Equity securities	22,800	—	—	22,800	29,714	—	—	29,714
Cross currency interest rate swaps	—	38,168	—	38,168	—	—	—	—
Total financial assets	\$ 60,405	\$ 38,168	\$ —	\$ 98,573	\$ 42,901	\$ —	\$ —	\$ 42,901
Financial liabilities:								
Cross currency interest rate swaps	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 50,185	\$ —	\$ 50,185
Total financial liabilities	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 50,185	\$ —	\$ 50,185

Investments in term deposits with foreign banks: Woodward's foreign subsidiaries sometimes invest excess cash in various highly liquid financial instruments that Woodward believes are with creditworthy financial institutions. Such investments are reported in "Cash and cash equivalents" at fair value, with realized gains from interest income recognized in earnings. The carrying value of Woodward's investments in term deposits with foreign banks are considered equal to the fair value given the highly liquid nature of the investments.

Equity securities: Woodward holds marketable equity securities, through investments in various mutual funds, related to its deferred compensation program. Based on Woodward's intentions regarding these instruments, marketable equity securities are classified as trading securities. The trading securities are reported at fair value, with realized gains and losses recognized in "Other (income) expense, net" on the Consolidated Statements of Earnings. The trading securities are included in "Other assets" in the Consolidated Balance Sheets. The fair values of Woodward's trading securities are based on the quoted market prices for the net asset value of the various mutual funds.

Cross-currency interest rate swaps: Woodward holds cross currency interest rate swaps, which are accounted for at fair value. The swaps in an asset position are included in "Other current assets" and "Other assets," and swaps in a liability position are included in "Accrued liabilities" and "Other liabilities" in the Consolidated Balance Sheets. The fair values of Woodward's cross currency interest rate swaps are determined using a market approach that is based on observable inputs other than quoted market prices, including contract terms, interest rates, currency rates, and other market factors.

Cash, trade accounts receivable, accounts payable, and short-term borrowings are not remeasured to fair value, as the carrying cost of each approximates its respective fair value.

The estimated fair values and carrying costs of other financial instruments that are not required to be remeasured at fair value in the Consolidated Balance Sheets were as follows:

	Fair Value Hierarchy Level	At September 30, 2022		At September 30, 2021	
		Estimated Fair Value	Carrying Cost	Estimated Fair Value	Carrying Cost
Assets:					
Notes receivable from municipalities	2	\$ 9,010	\$ 8,992	\$ 11,413	\$ 10,193
Note receivable from sale of disposal group	2	—	—	6,288	6,061
Investments in short-term time deposits	2	8,026	7,893	11,587	11,580
Liabilities:					
Long-term debt	2	\$ 646,696	\$ 712,054	\$ 812,866	\$ 736,706

In connection with certain economic incentives related to Woodward's development of a second campus in the greater-Rockford, Illinois area for its Aerospace segment and Woodward's development of a new campus at its corporate headquarters in Fort Collins, Colorado, Woodward received long-term notes from municipalities within the states of Illinois and Colorado. The fair value of the long-term notes was estimated based on a model that discounted future principal and interest payments received at an interest rate available to the Company at the end of the period for similarly rated municipal notes of similar maturity, which is a level 2 input as defined by the U.S. GAAP fair value hierarchy. The interest rates used to estimate the fair value of the long-term notes were 3.5% at September 30, 2022 and 1.3% at September 30, 2021.

In connection with the sale of the disposal group (See Note 10, *Acquisitions and Divestitures*), Woodward received a promissory note from the buyer for deferral of a portion of the purchase price. The full amount of the promissory note was received during the third quarter of fiscal year 2022.

From time to time, certain of Woodward's foreign subsidiaries will invest excess cash in short-term time deposits with a fixed maturity date of longer than three months but less than one year from the date of the deposit. Woodward believes that the investments are with creditworthy financial institutions. The fair value of the investments in short-term time deposits was estimated based on a model that discounted future principal and interest payments to be received at an interest rate available to the foreign subsidiary entering into the investment for similar short-term time deposits of similar maturity. This was determined to be a level 2 input as defined by the U.S. GAAP fair value hierarchy. The interest rates used to estimate the fair value of the short-term time deposits was 6.1% at September 30, 2022 and 3.3% at September 30, 2021.

The fair value of long-term debt was estimated based on a model that discounted future principal and interest payments at interest rates available to the Company at the end of the period for similar debt of the same maturity, which is a level 2 input as defined by the U.S. GAAP fair value hierarchy. The weighted-average interest rates used to estimate the fair value of long-term debt were 5.6% at September 30, 2022 and 1.6% at September 30, 2021.

Note 8. Derivative instruments and hedging activities

Derivative instruments not designated or qualifying as hedging instruments

In May 2018, Woodward entered into cross currency interest rate swap agreements that synthetically converted \$167,420 of floating-rate debt under Woodward's then existing revolving credit agreement to Euro denominated floating-rate debt in conjunction with the L'Orange acquisition (the "Floating-Rate Cross-Currency Swap"). Also, in May 2018, Woodward entered into cross currency interest rate swap agreements that synthetically converted an aggregate principal amount of \$400,000 of fixed-rate debt associated with the 2018 Note Purchase Agreement (as defined in Note 15, *Credit facilities short-term borrowings and long-term debt*) to Euro denominated fixed-rate debt (the "Fixed-Rate Cross-Currency Swap"). The cross-currency interest rate swaps, which effectively reduce the interest rate on the underlying fixed and floating-rate debt under the 2018 Notes (as defined in Note 15, *Credit facilities short-term borrowings and long-term debt*) and Woodward's then existing revolving credit agreement, respectively, is recorded as a reduction to "interest expense" in Woodward's Consolidated Statements of Earnings.

In May 2020, as a result of the COVID-19 pandemic and uncertainties in future cash flows, Woodward terminated the Floating-Rate Cross-Currency Swap and Fixed-Rate Cross-Currency Swaps. At the date of settlement, the total notional value of the Floating-Rate Cross-Currency Swap and Fixed-Rate Cross-Currency Swaps was \$108,823 and \$400,000, respectively. Woodward received net cash proceeds of \$59,571, which includes \$58,191 related to the fair value of the

derivative assets and \$4,380 of net accrued interest, less payment of \$3,000 for fees to terminate the swap agreements. The proceeds received for the fair value of the instruments is recorded in "Other", while net accrued interest is recorded in "Other" and "Accrued liabilities", respectively, in cash flows provided by operating activities of Woodward's Consolidated Statements of Cash Flows. The fees to terminate the swap agreements were expensed as incurred and presented in the line item "Selling, general and administrative" expenses in Woodward's Consolidated Statements of Earnings.

Upon termination and settlement of the instruments, Woodward entered into a new floating-rate cross-currency interest rate swap (the "2020 Floating-Rate Cross-Currency Swap"), with a notional value of \$45,000, and five fixed-rate cross-currency interest rate swap agreements (the "2020 Fixed-Rate Cross-Currency Swaps"), with an aggregate notional value of \$400,000, which effectively reduce the interest rates on the underlying fixed and floating-rate debt under the 2018 Notes and Woodward's existing revolving credit agreement, respectively. The net interest income of the cross-currency interest rate swaps is recorded as a reduction to "Interest expense" in Woodward's Consolidated Statements of Earnings. As of September 30, 2022, the total notional value of the 2020 Floating-Rate Cross-Currency Swap and 2020 Fixed-Rate Cross-Currency Swaps was \$11,250 and \$400,000, respectively. See Note 7, *Financial Instruments and Fair Value Measurements*, for the related fair value of the derivative instruments as of September 30, 2022.

Derivatives Instruments in Fair Value Hedging Relationships

Concurrent with the entry into the Floating-Rate Cross-Currency Swap in May 2018, a corresponding Euro denominated intercompany loan receivable with identical terms and notional amount as the underlying Euro denominated floating-rate debt, with a reciprocal cross-currency interest rate swap, was entered into by Woodward Barbados Financing SRL ("Barbados"), a wholly owned subsidiary of Woodward, and is designated as a fair value hedge under the criteria prescribed in ASC Topic 815, *Derivatives and Hedging* ("ASC 815"). The objective of the derivative instrument is to hedge against the foreign currency exchange risk attributable to the spot remeasurement of the Euro denominated intercompany loan.

In May 2020, Woodward settled the Euro denominated intercompany loan receivable with identical terms and notional value to the Floating-Rate Cross-Currency Swap and reciprocal intercompany cross-currency interest rate swap. The fair value hedge designated on these instruments was discontinued at the date of settlement and resulted in a reclassification of \$1,719 of previously unrecognized losses from accumulated OCI into earnings. The loss on discontinuation of the fair value hedging relationship is recognized in "Gain on cross-currency interest rate swaps, net" in Woodward's Consolidated Statements of Earnings. Concurrent with settlement of the Floating-Rate Cross-Currency Swap and discontinuation of the previous fair value hedging relationship, a US dollar denominated intercompany loan payable with identical terms and notional value as the 2020 Floating-Rate Cross-Currency Swap, together with a reciprocal intercompany floating-rate cross-currency interest rate swap, was entered into by Woodward Barbados Euro Financing SRL ("Euro Barbados"), a wholly owned subsidiary of Woodward. The US dollar denominated intercompany loan and reciprocal intercompany floating-rate cross-currency interest rate swap is designated as a fair value hedge under the criteria prescribed in ASC 815. The objective of the derivative instrument is to hedge against the foreign currency exchange risk attributable to the spot remeasurement of the US dollar denominated intercompany loan, as Euro Barbados maintains a Euro functional currency.

For each floating-rate intercompany cross-currency interest rate swap, only the change in the fair value related to the cross-currency basis spread, or excluded component, of the derivative instrument is recognized in accumulated OCI. The remaining change in the fair value of the derivative instrument is recognized in foreign currency transaction gain or loss included in "Selling, general and administrative costs" in Woodward's Consolidated Statements of Earnings. The change in the fair value of the derivative instrument in foreign currency transaction gain or loss offsets the change in the spot remeasurement of the intercompany Euro and US dollar denominated loans. Hedge effectiveness is assessed based on the fair value changes of the derivative instrument, after excluding any fair value changes related to the cross-currency basis spread. The initial cost of the cross-currency basis spread is recorded in earnings each period through the swap accrual process. There are no credit-risk-related contingent features associated with the intercompany floating-rate cross-currency interest rate swap.

Derivative instruments in cash flow hedging relationships

In conjunction with the entry into the Fixed-Rate Cross-Currency Swaps in May 2018, five corresponding intercompany loans receivable, with identical terms and amounts of each tranche of the underlying aggregate principal amount of \$400,000 of fixed-rate debt, and reciprocal cross-currency interest rate swaps were entered into by Barbados, which are designated as cash flow hedges under the criteria prescribed in ASC 815. The objective of these derivative instruments is to hedge the risk of variability in cash flows attributable to the foreign currency exchange risk of cash flows for future principal and interest payments associated with the Euro denominated intercompany loans over a fifteen-year period.

In May 2020, Woodward settled the Euro denominated intercompany loans receivable with identical terms and notional value to the Fixed-Rate Cross-Currency Swaps and reciprocal cross-currency interest rate swaps. The cash flow hedges designated on these instruments were discontinued at the date of settlement and resulted in a reclassification of \$32,200 of previously unrecognized gains from accumulated OCI into earnings. The gain on discontinuation of the cash flow hedging relationships is recognized in "Gain on cross-currency interest rate swaps, net" in Woodward's Consolidated Statements of Earnings. Concurrent with settlement of the Fixed-Rate Cross-Currency Swaps and the discontinuation of the previous cash flow hedging relationships, five corresponding US dollar intercompany loans payable, with identical terms and notional values of each tranche of the 2020 Fixed-Rate Cross-Currency Swaps, together with reciprocal fixed-rate intercompany cross-currency interest rate swaps were entered into by Euro Barbados, which are designated as cash flow hedges under the criteria prescribed in ASC 815. The objective of these derivative instruments is to hedge the risk of variability in cash flows attributable to the foreign currency exchange risk of cash flows for future principal and interest payments associated with the US dollar denominated intercompany loans over a thirteen-year period, as Euro Barbados maintains a Euro functional currency.

For each of the fixed-rate intercompany cross-currency interest rate swaps, changes in the fair values of the derivative instruments are recognized in accumulated OCI and reclassified to foreign currency transaction gain or loss included in "Selling, general and administrative costs" in Woodward's Consolidated Statements of Earnings. Reclassifications out of accumulated OCI of the change in fair value occur each reporting period based upon changes in the spot rate remeasurement of the Euro and US dollar denominated intercompany loans, including associated interest. Hedge effectiveness is assessed based on the fair value changes of the derivative instruments and such hedges are deemed to be highly effective in offsetting exposure to variability in foreign exchange rates. There are no credit-risk-related contingent features associated with these fixed-rate cross-currency interest rate swaps.

Derivatives instruments in net investment hedging relationships

On September 23, 2016, Woodward and Woodward International Holding B.V., a wholly owned subsidiary of Woodward organized under the laws of The Netherlands (the "BV Subsidiary"), each entered into a note purchase agreement (the "2016 Note Purchase Agreement") relating to the sale by Woodward and the BV Subsidiary of an aggregate principal amount of €160,000 of senior unsecured notes in a series of private placement transactions. Woodward issued €40,000 aggregate principal amount of Woodward's Series M Senior Notes due September 23, 2026 (the "Series M Notes"). Woodward designated the Series M Notes as a hedge of a foreign currency exposure of Woodward's net investment in its Euro denominated functional currency subsidiaries. Related to the Series M Notes, included in foreign currency translation adjustments within total comprehensive (losses) earnings are net foreign exchange gains of \$7,206 for the fiscal year ended September 30, 2022, compared to net foreign exchange gains of \$592 for the fiscal year ended September 30, 2021 and net foreign exchange losses of \$3,199 for the fiscal year ended September 30, 2020.

Impact of derivative instruments designated as qualifying hedging instruments

The following table discloses the amount of (income) expense recognized in earnings on derivative instruments designated as qualifying hedging instruments:

Derivatives Int:	Location	Year Ended September 30,		
		2022	2021	2020
Cross-currency interest rate swap agreement designated as fair value hedges	Selling, general and administrative expenses	\$ (2,844)	\$ 23	\$ 4,592
Cross-currency interest rate swap agreements designated as cash flow hedges	Selling, general and administrative expenses	(66,036)	(3,725)	(3,190)
Treasury lock agreement designated as cash flow hedge	Interest expense	—	—	(72)
		\$ (68,880)	\$ (3,702)	\$ 1,330

The following table discloses the amount of (gain) loss recognized in accumulated OCI on derivative instruments designated as qualifying hedging instruments:

Derivatives Int:	Location	Year Ended September 30,		
		2022	2021	2020
Cross-currency interest rate swap agreement designated as fair value hedges	Selling, general and administrative expenses	\$ (2,854)	\$ 60	\$ 4,832
Cross-currency interest rate swap agreements designated as cash flow hedges	Selling, general and administrative expenses	(86,334)	1,612	13,430
		\$ (89,188)	\$ 1,672	\$ 18,262

The following table discloses the amount of (gain) loss reclassified in accumulated OCI on derivative instruments designated as qualifying hedging instruments:

Derivatives Int:	Location	Year Ended September 30,		
		2022	2021	2020
Cross-currency interest rate swap agreement designated as fair value hedges	Selling, general and administrative expenses	\$ (2,844)	\$ 23	\$ 5,396
Cross-currency interest rate swap agreements designated as cash flow hedges	Selling, general and administrative expenses	(66,036)	(3,725)	(3,190)
Treasury lock agreement designated as cash flow hedge	Interest expense	—	—	(72)
		\$ (68,880)	\$ (3,702)	\$ 2,134

The remaining unrecognized gains and losses in Woodward's Consolidated Balance Sheets associated with derivative instruments that were previously entered into by Woodward, which are classified in accumulated OCI were net losses of \$6,338 as of September 30, 2022 and \$26,506 as of September 30, 2021.

Note 9. Supplemental statement of cash flows information

	Year Ended September 30,		
	2022	2021	2020
Interest paid, net of amounts capitalized	\$ 27,435	\$ 27,574	\$ 27,148
Income taxes paid	29,560	38,949	94,088
Income tax refunds received	7,481	14,044	17,653
Non-cash activities:			
Purchases of property, plant and equipment on account	6,452	7,771	3,076
Impact of the adoption of ASC 842	—	—	255
Common shares issued from treasury to settle benefit obligations	17,132	14,900	14,748
Purchases of treasury stock on account	—	12,516	—

Note 10. Acquisitions and Divestitures

Acquisitions

On August 2, 2022, we entered into a series of Purchase Agreements with one of our Asia Pacific channel partners, PM Control PLC (the "PM Agreements"). Pursuant to the PM Agreements, we agreed to acquire business assets and shares of stock of PM Control PLC and its affiliates (collectively, "PM Control"), for a total consideration (excluding cash acquired from the acquisition and including the settlement of pre-existing relationships) of \$22,299 (the "PM Acquisition"). The PM Acquisition closed on August 31, 2022 (the "PM Closing") and PM Control PLC became a wholly owned subsidiary of the Company.

ASC Topic 805, "Business Combinations" ("ASC 805"), provides a framework to account for acquisition transactions under U.S. GAAP. The purchase price of PM Control, prepared consistent with the required ASC 805 framework, is allocated as follows:

Cash paid to Seller	\$ 22,890
Less acquired cash and restricted cash	(1,341)
Plus settlement of pre-existing relationships	750
Total purchase price	\$ 22,299

The allocation of the purchase price to the assets acquired and liabilities assumed was recorded as of the end of business on August 31, 2022 using the purchase method of accounting in accordance with ASC 805. Assets acquired and liabilities assumed in the transaction were recorded at their acquisition date fair values, while transaction costs associated with the acquisition were expensed as incurred. Woodward's allocation was based on an evaluation of the appropriate fair values and represents management's best estimate.

The following table summarizes, as of August 31, 2022, the estimated fair values of the assets acquired and liabilities assumed at the PM Closing.

Accounts receivable	\$	4,334
Inventories		2,464
Other current assets		386
Property, plant, and equipment		2,488
Goodwill		8,526
Intangible assets		9,916
Total assets acquired		28,114
Other current liabilities		(2,688)
Deferred income tax liabilities		(1,942)
Other noncurrent liabilities		(1,295)
Total liabilities assumed		(5,815)
Net assets acquired	\$	22,299

The preliminary purchase price allocation resulted in the recognition of \$8,526 of goodwill, which is expected to be non-deductible for tax purposes. The Company has included all the goodwill in its Industrial segment. The goodwill represents the estimated value of potential expansion with new customers, the opportunity to further develop sales opportunities with new customers, other synergies expected to be achieved through the integration of PM Control with Woodward's Industrial segment.

A summary of the intangible assets acquired, weighted-average useful lives, and amortization methods follows:

	Estimated Amounts	Weighted- Average Useful Life	Amortization Method
Intangible assets with finite lives:			
Customer relationships and contracts	\$ 8,332	11 years	Straight-line
Trade name	1,584	5 years	Straight-line
Total	\$ 9,916		

Future amortization expense associated with the acquired intangibles as of September 30, 2022, is expected to be \$1,074 for the next five years ended.

Due to the timing of the acquisition, we are still finalizing valuations of intangible assets and related tax impacts. The final determination of the fair value of assets and liabilities will be completed within the one-year measurement period as permitted by ASC 805.

We have not presented pro forma results because the PM Acquisition was not deemed significant at the date of PM Closing.

Divestitures

In the first quarter of fiscal year 2020, Woodward's board of directors ("the Board") approved a plan to divest Woodward's renewable power systems business, protective relays business, and other businesses within the Company's Industrial segment (collectively, the "disposal group").

Woodward determined that the approved plan to divest the disposal group represented a triggering event requiring (i) the net assets of the disposal group to be classified as held for sale and (ii) the long-lived assets attributable to the disposal group be assessed for impairment. Given the facts and circumstances at that time, Woodward determined that the value of the long-lived assets of the disposal group, including goodwill, intangible assets, ROU assets and property, plant, and equipment, were not recoverable and a \$22,900 non-cash impairment charge was recorded during the fiscal year ended September 30, 2020. The non-cash impairment charge removed all the goodwill, intangible assets, ROU assets and

property, plant, and equipment associated with the disposal group from the Consolidated Balance Sheets as of June 30, 2020.

Further, on the approval of the divestiture plan and subsequent marketing of the disposal group, Woodward determined that based on the current market conditions, the carrying value of the disposal group's remaining held for sale net assets exceeded the fair value. As a result, Woodward recorded a valuation allowance to reduce the carrying value of the net assets of the disposal group to their fair value. The non-cash impairment charge associated with the long-lived assets, and related valuation allowance for the other remaining net assets attributable to the disposal group, resulted in a total impairment charge of \$37,902.

In determining the amount by which the carrying value of the disposal group's remaining net assets exceeded their fair value, Woodward considered primarily the market value of the assets held for sale based on negotiations it had entered into with affiliates of the AURELIUS Group for the sale of the majority of the disposal group. On January 31, 2020, Woodward entered into a definitive agreement to sell the majority of the disposal group to affiliates of the AURELIUS Group for \$23,400, subject to customary purchase price adjustments, consisting of cash and a \$6,000 promissory note, which was due by April 30, 2022. The assets were primarily located in Germany, Poland and Bulgaria and accounted for approximately \$88,000 of sales in fiscal year 2019. The valuation reserve recorded to reduce the carrying value of the net assets held for sale was based on the estimated selling price pursuant to the definitive agreement reduced by the estimated working capital adjustments, transaction costs, and anticipated losses on assets held for sale that were not included in the disposal group to be sold to the AURELIUS Group.

The transactions consummating the sale of the disposal group were completed on April 30, 2020. The carrying value of the assets and liabilities sold were as follows:

	June 30, 2020	
Assets:		
Accounts receivable	\$	17,637
Inventories		441
Other current assets		796
Other assets		51
Total assets		<u>18,925</u>
Liabilities:		
Accounts payable		7,633
Accrued liabilities		2,998
Other liabilities		450
Total liabilities	\$	<u>11,081</u>

Note 11. Inventories

	September 30, 2022		September 30, 2021	
Raw materials	\$	126,264	\$	107,412
Work in progress		123,005		95,846
Component parts (1)		329,962		260,244
Finished goods		70,019		63,109
Customer supplied inventory		12,442		14,169
On-hand inventory for which control has transferred to the customer		(147,405)		(120,809)
	\$	<u>514,287</u>	\$	<u>419,971</u>

(1) Component parts include items that can be sold separately as finished goods or included in the manufacture of other products.

Note 12. Property, plant, and equipment

	September 30, 2022	September 30, 2021
Land and land improvements	\$ 84,057	\$ 86,051
Buildings and building improvements	555,387	553,693
Leasehold improvements	19,392	19,159
Machinery and production equipment	779,514	795,128
Computer equipment and software	122,670	124,444
Office furniture and equipment	39,749	39,987
Other	20,162	20,912
Construction in progress	58,789	38,317
	1,679,720	1,676,791
Less accumulated depreciation	(765,248)	(726,222)
Property, plant, and equipment, net	\$ 914,472	\$ 950,569

In the second quarter of fiscal year 2018, the Company announced its decision to relocate its Duarte, California operations to the Company's newly renovated Drake Campus in Fort Collins, Colorado, and in fiscal year 2019, finalized the relocation. On December 30, 2019, the Company closed on the sale of one of two parcels of real property at the Duarte facility and recorded a pre-tax gain on sale of assets of \$13,522. On August 11, 2020, the Company closed on the sale of the final parcel of real property at the Duarte facility and recorded a pre-tax gain on sale of assets of \$8,801.

In the first quarter of fiscal year 2020, Woodward determined that the approved plan to divest of the disposal group (see Note 10, *Acquisitions and Divestitures*) represented a triggering event requiring the long-lived assets attributable to the disposal group be assessed for impairment. Given the facts and circumstances at that time, Woodward determined that the remaining value of the plant, property and equipment of the disposal group was not recoverable, and a \$13,421 non-cash impairment charge was recorded during fiscal year 2020.

On September 25, 2020, the Company closed on the sale of its Loveland, Colorado campus with a concurrent purchase of a new property in Windsor, Colorado for future operations, resulting in recognition of a pre-tax gain on sale of assets of \$2,330.

For the fiscal years ended September 30, 2022, 2021, and 2020, Woodward had depreciation expense as follows:

	Year Ended September 30,		
	2022	2021	2020
Depreciation expense	\$ 83,019	\$ 87,631	\$ 91,700

Note 13. Goodwill

	September 30,			September 30,		
	2021			2022		
Aerospac	\$ 455,423	\$ —	\$ —	\$ 455,423	\$ —	\$ —
Industrial	349,910	8,526	(41,300)	317,136	(41,300)	—
Consolidated	\$ 805,333	\$ 8,526	\$ (41,300)	\$ 772,559	\$ (41,300)	\$ —

	September 30,			September 30,		
	2020			2021		
Aerospac	\$ 455,423	\$ —	\$ —	\$ 455,423	\$ —	\$ —
Industrial	352,829	—	(2,919)	349,910	(2,919)	—
Consolidated	\$ 808,252	\$ —	\$ (2,919)	\$ 805,333	\$ (2,919)	\$ —

On August 31, 2022, Woodward completed the acquisition of PM Control (see Note 10, *Acquisitions and Divestitures*), which resulted in the recognition of \$8,526 in goodwill in the Company's Industrial segment.

During the first quarter of fiscal year 2020, Woodward determined that the approved plan to divest of the disposal group represented a triggering event requiring the long-lived assets attributable to the disposal group be assessed for impairment. Given the facts and circumstances at the time, Woodward determined that the remaining value of the goodwill of the disposal group was not recoverable and an \$8,640 non-cash impairment charge was recorded during the fiscal year ended September 30, 2020.

Woodward tests goodwill for impairment at the reporting unit level on an annual basis or at any time there is an indication goodwill may be impaired, commonly referred to as triggering events. Woodward completed its annual goodwill impairment test as of July 31, 2022 during the quarter ended September 30, 2022. The fair value of each of Woodward's reporting units was determined using a discounted cash flow method. This method represents a level 3 input and incorporates various estimates and assumptions, the most significant being projected revenue growth rates, earnings margins, future tax rates, and the present value, based on an estimated weighted-average cost of capital (or the discount rate) and terminal growth rate, of forecasted cash flows. Management projects revenue growth rates, earnings margins and cash flows based on each reporting unit's current operational results, expected performance and operational strategies over a five-year period. These projections are adjusted to reflect current economic conditions and demand for certain products, and require considerable management judgment.

Forecasted cash flows used in the July 31, 2022 impairment test were discounted using weighted-average cost of capital assumptions ranging from 8.93% to 17.43%. The terminal values of the forecasted cash flows were calculated using the Gordon Growth Model and assumed an annual compound growth rate after five years of 3.95%. These inputs, which are unobservable in the market, represent management's best estimate of what market participants would use in determining the present value of the Company's forecasted cash flows. Changes in these estimates and assumptions can have a significant impact on the fair value of forecasted cash flows. Woodward evaluated the reasonableness of the reporting units' resulting fair values utilizing a market multiple method. The results of Woodward's goodwill impairment test performed as of July 31, 2022 did not indicate impairment of any of Woodward's reporting units.

Note 14. Intangible assets, net

	September 30, 2022			September 30, 2021		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount	Gross Carrying Value	Accumulated Amortization	Net Carrying Amount
Intangible assets with finite lives:						
Customer relationships and contracts:						
Aerospace	\$ 281,683	\$ (223,565)	\$ 58,118	\$ 281,683	\$ (210,380)	\$ 71,303
Industrial	352,917	(66,812)	286,105	404,179	(56,515)	347,664
Total	\$ 634,600	\$ (290,377)	\$ 344,223	\$ 685,862	\$ (266,895)	\$ 418,967
Intellectual property:						
Aerospace	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Industrial	12,361	(12,361)	—	15,806	(15,806)	—
Total	\$ 12,361	\$ (12,361)	\$ —	\$ 15,806	\$ (15,806)	\$ —
Process technology:						
Aerospace	\$ 76,370	\$ (69,471)	\$ 6,899	\$ 76,370	\$ (67,177)	\$ 9,193
Industrial	78,524	(27,466)	51,058	90,008	(26,124)	63,884
Total	\$ 154,894	\$ (96,937)	\$ 57,958	\$ 166,378	\$ (93,301)	\$ 73,077
Other intangibles:						
Aerospace	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Industrial	1,560	—	1,560	—	—	—
Total	\$ 1,560	\$ —	\$ 1,560	\$ —	\$ —	\$ —
Intangible asset with indefinite life:						
Trade name:						
Aerospace	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Industrial	56,838	—	56,838	67,245	—	67,245
Total	\$ 56,838	\$ —	\$ 56,838	\$ 67,245	\$ —	\$ 67,245
Total intangibles:						
Aerospace	\$ 358,053	\$ (293,036)	\$ 65,017	\$ 358,053	\$ (277,557)	\$ 80,496
Industrial	502,200	(106,637)	395,563	577,238	(98,445)	478,793
Consolidated Total	\$ 860,253	\$ (399,673)	\$ 460,580	\$ 935,291	\$ (376,002)	\$ 559,289

Indefinite-lived intangible assets

The Woodward L'Orange trade name intangible asset is tested for impairment on an annual basis and more often if an event occurs or circumstances change that indicate the fair value of the Woodward L'Orange intangible asset may be below its carrying amount. The impairment test consists of comparing the fair value of the Woodward L'Orange trade name intangible asset, determined using discounted cash flows based on the relief from royalty method under the income approach, with its carrying amount. If the carrying amount of the Woodward L'Orange trade name intangible asset exceeds its fair value, an impairment loss would be recognized to reduce the carrying amount to its fair value. Woodward has not recognized any impairment charges for this asset.

During the fourth quarter, Woodward completed its annual impairment test of the Woodward L'Orange trade name intangible asset as of July 31, 2022 for the fiscal year ended September 30, 2022. The fair value of the Woodward L'Orange trade name intangible assets was determined using discounted cash flows based on the relief from royalty method under the income approach. This method represents a Level 3 input (based upon a fair value hierarchy established by U.S. GAAP) and incorporates various estimates and assumptions, the most significant being projected revenue growth rates, royalty rates, future tax rates and the present value, based on an estimated weighted-average cost of capital (or the discount rate) and terminal growth rate, of the forecasted cash flow. Management projects revenue growth rates and cash flows based on Woodward L'Orange's current operational results, expected performance and operational strategies over a five year period. These projections are adjusted to reflect current economic conditions and demand for certain products, and require considerable management judgment.

The forecasted cash flow used in the July 31, 2022 impairment test was discounted using weighted-average cost of capital assumption of 9.70%. The terminal value of the forecasted cash flow was calculated using the Gordon Growth Model and assumed an annual compound growth rate after five years of 3.95%. These inputs, which are unobservable in the market, represent management's best estimate of what market participants would use in determining the present value of the Company's forecasted cash flows. Changes in these estimates and assumptions can have a significant impact on the fair value of the forecasted cash flow. The results of impairment test performed as of July 31, 2022 indicated the estimated fair value of the Woodward L'Orange trade name intangible asset was in excess of its carrying value, and accordingly, no impairment existed.

Finite-lived intangible assets

During the first quarter of fiscal year 2020, Woodward determined that the approved plan to divest of the disposal group represented a triggering event requiring the long-lived assets attributable to the disposal group be assessed for impairment. Given the facts and circumstances at that time, Woodward determined that the remaining value of the intangible assets of the disposal group was not recoverable and a \$200 non-cash impairment charge was recorded for the fiscal year ended September 30, 2020.

Woodward recorded amortization expense associated with intangibles of the following:

	Year Ended September 30,		
	2022	2021	2020
Amortization expense	\$ 37,609	\$ 41,893	\$ 39,458
Future amortization expense associated with intangibles is expected to be:			
Year Ending September 30:			
2023		\$	35,885
2024			32,014
2025			26,852
2026			26,816
2027			26,750
Thereafter			255,425
		\$	403,742

Note 15. Credit facilities, short-term borrowings and long-term debt

As of September 30, 2022, Woodward's short-term borrowings and availability under its various short-term credit facilities follows:

	Total availability	Outstanding letters of credit and guarantees	Outstanding borrowings	Remaining availability
Revolving credit facility	\$ 1,000,000	\$ (9,694)	\$ (66,800)	\$ 923,506
Foreign lines of credit and overdraft facilities	27,266	—	—	27,266
Foreign performance guarantee facilities	418	(196)	—	222
	<u>\$ 1,027,684</u>	<u>\$ (9,890)</u>	<u>\$ (66,800)</u>	<u>\$ 950,994</u>

Revolving credit facility

Woodward is a party to the Second Amended and Restated Revolving Credit Agreement (as defined below) with certain foreign subsidiaries party thereto from time to time as borrowers, a syndicate of lenders and Wells Fargo bank, National Association, as administrative agent. Pursuant to the Second Amended and Restated Revolving Credit Agreement, the lenders party thereto have agreed to extend revolving loans and letters of credit to Woodward and certain of its foreign subsidiaries in an aggregate amount not to exceed \$1,000,000. The Second Amended and Restated Revolving Credit Agreement provides for the option to increase available borrowings up to \$1,500,000, in the aggregate, subject to lenders' participation.

As of October 1, 2021, Woodward maintained a revolving credit agreement dated as of June 19, 2019 (the "2019 Revolving Credit Agreement"). On November 24, 2021, Woodward amended the 2019 Revolving Credit Agreement (such amended agreement, the "Amended and Restated Revolving Credit Agreement") to, among other things, (i) replace the Euro London Interbank Offered Rate ("LIBOR"), the British pound sterling LIBOR, and the Japanese yen LIBOR rates with the Euro Interbank Offered Rate ("Euribor"), Sterling Overnight Index Average ("SONIA"), and Tokyo Interbank Offered Rate ("TIBOR") rates, respectively, and (ii) replace the US LIBOR with the Secured Overnight Financing Rate ("SOFR"). The Amended and Restated Revolving Credit Agreement was set to mature on June 19, 2024. As of September 30, 2022, there were \$66,800 in principal amount of borrowings outstanding, at an effective interest rate of 4.24% under the Amended and Restated Revolving Credit Agreement. As of September 30, 2022, all of borrowings outstanding were classified as short-term borrowings based on Woodward's intent and ability to pay this amount in the next twelve months. As of September 30, 2021, there were no borrowings outstanding.

On October 21, 2022, Woodward amended and restated the Amended and Restated Credit Agreement (the "Second Amended and Restated Credit Agreement"). Effective as of October 21, 2022, the Second Amended and Restated Credit Agreement, extended the termination date of the revolving loan commitments of all the lenders from June 19, 2024 to October 21, 2027; removed the covenants restricting investments, acquisitions, dividends and distributions; and, subject to removal from the Company's existing note purchase agreements or the termination or maturation of such note purchase agreements, removed the minimum consolidated net worth covenant. Borrowings under the Amended and Restated Revolving Credit Agreement could, and borrowings under the Second Amended and Restated Revolving Credit Agreement can, be made by Woodward and certain of its foreign subsidiaries in U.S. dollars or in foreign currencies other than the U.S. dollar and generally bear interest at the new base rates listed above plus 0.875% to 1.75%.

The revolving credit agreements described in this Note 15 all contain (or contained, as applicable) certain covenants customary with such agreements, which are generally consistent with the covenants applicable to Woodward's long-term debt agreements, and contains customary events of default, including certain cross default provisions related to Woodward's other outstanding material debt arrangements, the occurrence of which would permit the lenders to accelerate the amounts due thereunder. In addition, the Revolving Credit Agreement includes the following financial covenants: (i) a maximum permitted leverage ratio of consolidated net debt to consolidated earnings before interest, taxes, depreciation, stock-based compensation, and amortization, plus any usual non-cash charges to the extent deducted in computing net income and transaction costs associated with permitted acquisitions (incurred within six-months of the permitted acquisition), minus any usual non-cash gains to the extent added in computing net income ("Leverage Ratio") for Woodward and its consolidated subsidiaries of 3.5 to 1.0, which ratio, subject to certain restrictions, may increase to 4.0 to 1.0 for each period of four consecutive quarters during which a permitted acquisition occurs, and (ii) a minimum consolidated net worth of \$1,156,000 plus (a) 50% of Woodward's positive net income for the prior fiscal year and (b) 50% of Woodward's net cash proceeds resulting from certain issuances of stock, subject to certain adjustments.

The obligations of Woodward and from time-to-time certain of Woodward's foreign subsidiaries, under the Second Amended and Restated Revolving Credit Agreement are guaranteed by Woodward MPC, Inc., Woodward HRT, Inc., or in case of obligations with any foreign subsidiaries of Woodward that are borrowers thereunder, Woodward L'Orange GmbH, each of which is a wholly owned subsidiary of Woodward.

Short-term borrowings

Woodward has other foreign lines of credit and foreign overdraft facilities at various financial institutions, which are generally reviewed annually for renewal and are subject to the usual terms and conditions applied by the financial institutions. Pursuant to the terms of the related facility agreements, Woodward's foreign performance guarantee facilities are limited in use to providing performance guarantees to third parties. There were no borrowings outstanding on Woodward's foreign lines of credit and foreign overdraft facilities as of both September 30, 2022 and September 30, 2021.

Long-term debt

	September 30, 2022	September 30, 2021
Series H notes – 4.03%, due November 15, 2023; unsecured	\$ 25,000	\$ 25,000
Series I notes – 4.18%, due November 15, 2025; unsecured	25,000	25,000
Series K notes – 4.03%, due November 15, 2023; unsecured	50,000	50,000
Series L notes – 4.18%, due November 15, 2025; unsecured	50,000	50,000
Series M notes – 1.12% due September 23, 2026; unsecured	39,198	46,376
Series N notes – 1.31% due September 23, 2028; unsecured	75,457	89,273
Series O notes – 1.57% due September 23, 2031; unsecured	42,138	49,854
Series P notes – 4.27% due May 30, 2025; unsecured	85,000	85,000
Series Q notes – 4.30% due May 30, 2027; unsecured	85,000	85,000
Series R notes – 4.41% due May 30, 2029; unsecured	75,000	75,000
Series S notes – 4.46% due May 30, 2030; unsecured	75,000	75,000
Series T notes – 4.51% due May 30, 2033; unsecured	80,000	80,000
Finance leases (Note 5)	5,261	1,203
Unamortized debt issuance costs	(1,438)	(1,856)
Total long-term debt	710,616	734,850
Less: Current portion of long-term debt	856	718
Long-term debt, less current portion	\$ 709,760	\$ 734,132

The Notes

On September 23, 2016, Woodward and the BV Subsidiary each entered into note purchase agreements (the "2016 Note Purchase Agreements") relating to the sale by Woodward and the BV Subsidiary of an aggregate principal amount of €160,000 of senior unsecured notes in a series of private placement transactions. Woodward issued €40,000 Series M Notes. The BV Subsidiary issued (a) €77,000 aggregate principal amount of the BV Subsidiary's Series N Senior Notes (the "Series N Notes") and (b) €43,000 aggregate principal amount of the BV Subsidiary's Series O Senior Notes (the "Series O Notes" and together with the Series M Notes and the Series N Notes, the "2016 Notes").

On May 31, 2018, Woodward entered into a note purchase agreement (the "2018 Note Purchase Agreement") relating to the sale by Woodward of an aggregate principal amount of \$400,000 of senior unsecured notes comprised of (a) \$85,000 aggregate principal amount of its Series P Senior Notes (the "Series P Notes"), (b) \$85,000 aggregate principal amount of its Series Q Senior Notes (the "Series Q Notes"), (c) \$75,000 aggregate principal amount of its Series R Senior Notes (the "Series R Notes"), (d) \$75,000 aggregate principal amount of its Series S Senior Notes (the "Series S Notes"), and (e) \$80,000 aggregate principal amount of its Series T Senior Notes (the "Series T Notes", and together with the Series P Notes, the Series Q Notes, the Series R Notes, and the Series S Notes, the "2018 Notes," and, together with the USD Notes and 2016 Notes, the "Notes"), in a series of private placement transactions.

In connection with the issuance of the 2018 Notes, the Company entered into cross currency swap transactions in respect of each tranche of the 2018 Notes, which effectively reduced the interest rates on the Series P Notes to 1.82% per annum, the Series Q Notes to 2.15% per annum, the Series R Notes to 2.42% per annum, the Series S Notes to 2.55% per annum and the Series T Notes to 2.90% per annum. Following the termination and settlement of the Floating-Rate Cross-Currency Swap and Fixed-Rate Cross-Currency Swaps entered into in 2018, the Company entered into the 2020 Floating-Rate Cross-Currency Swap and 2020 Fixed-Rate Cross-Currency Swaps, which effectively resulted in the interest rates on the Series P Notes being 3.44% per annum, the Series Q Notes to 3.44% per annum, the Series R Notes to 3.45% per annum, the

Series S Notes to 3.50% per annum and the Series T Notes to 3.62% per annum (see Note 8, Derivative instruments and hedging activities).

Interest on the remaining First Closing Notes, and the Series K and L Notes is payable semi-annually on April 1 and October 1 of each year until all principal is paid. Interest on the 2016 Notes is payable semi-annually on March 23 and September 23 of each year, until all principal is paid.

None of the Notes were registered under the Securities Act of 1933 and they may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. Holders of the Notes do not have any registration rights. All of the issued Notes are held by multiple institutions.

Woodward's payment and performance obligations under the Notes, including without limitation the obligations for payment of all principal, interest and any applicable prepayment compensation amount, are guaranteed by (i) Woodward FST, Inc., Woodward MPC, Inc., and Woodward HRT, Inc., each of which is a wholly owned subsidiary of Woodward, and (ii) in the case of the BV Subsidiary's Series N and O Notes, by Woodward. Woodward's obligations under the Notes rank equal in right of payment with all of Woodward's other unsecured unsubordinated debt, including its outstanding debt under its revolving credit facility.

The Notes contain restrictive covenants customary for such financings, including, among other things, covenants that place limits on Woodward's ability to incur liens on assets, incur additional debt (including a leverage or coverage-based maintenance test), transfer or sell Woodward's assets, merge or consolidate with other persons and enter into material transactions with affiliates. Under the financial covenants contained in the note purchase agreement governing each series of the Notes, Woodward's priority debt may not exceed, at any time, 25% of its consolidated net worth. Woodward's Leverage Ratio cannot exceed 4.0 to 1.0 during any material acquisition period, or 3.5 to 1.0 at any other time on a rolling four quarter basis. In the event that Woodward's Leverage Ratio exceeds 3.5 to 1.0 during any material acquisition period, the interest rate on each series of Notes will increase. The minimum consolidated net worth, prior year positive net income, and net cash proceeds resulting from certain issuances of stock for satisfaction of Woodward's leverage ratio are consistent between the Notes and Revolving Credit Agreement.

Required future principal payments of the Notes as of September 30, 2022 are as follows:

<u>Year Ending September 30:</u>		
2023	\$	—
2024		75,000
2025		85,000
2026		114,198
2027		85,000
Thereafter		347,595
	\$	<u>706,793</u>

Certain financial and other covenants under Woodward's debt agreements contain customary restrictions on the operation of its business. Management believes that Woodward was in compliance with the covenants under the long-term debt agreements at September 30, 2022.

Debt Issuance Costs

Amounts recognized as interest expense from the amortization of debt issuance costs were \$917 in fiscal year 2022, \$922 in fiscal year 2021, and \$892 in fiscal year 2020. Unamortized debt issuance costs associated with the Notes of \$1,438 as of September 30, 2022 and \$1,856 as of September 30, 2021 were recorded as a reduction in "Long-term debt, less current portion" in the Consolidated Balance Sheets. Unamortized debt issuance costs associated with Woodward's Revolving Credit Agreements of \$1,046 as of September 30, 2022 and \$1,644 as of September 30, 2021 were recorded as "Other assets" in the Consolidated Balance Sheets. Amortization of debt issuance costs is included in operating activities in the Consolidated Statements of Cash Flows.

Note 16. Accrued liabilities

	September 30, 2022		September 30, 2021	
Salaries and other member benefits	\$	75,665	\$	54,497
Product warranties and related liabilities (1)		40,042		17,481
Interest payable		13,481		14,832
Accrued retirement benefits		2,779		2,825
Net current contract liabilities (Note 3)		30,663		29,527
Current portion of accrued restructuring charges (2)		1,083		4,495
Taxes, other than income		21,159		19,453
Purchase of treasury stock in transit		—		12,516
Other		21,411		27,528
	\$	206,283	\$	183,139

- (1) In fiscal year 2022, product warranties and related liabilities include estimates related to product liabilities expected to be fully recoverable from insurance.
(2) In fiscal year 2021, other liabilities included \$513 of accrued restructuring charges.

Product warranties and related liabilities

Provisions of Woodward's sales agreements include product warranties customary to these types of agreements. Accruals are established for specifically identified warranty issues and related liabilities that are probable to result in future costs. Warranty costs are accrued as revenue is recognized on a non-specific basis whenever past experience indicates a normal and predictable pattern exists. Changes in accrued product warranties and related liabilities were as follows:

	Year Ended September 30,					
	2022	2021	2020			
Beginning of period	\$	17,481	\$	18,972	\$	27,309
Additions, net of recoveries		29,327		1,164		8,687
Reductions for settlement		(6,937)		(2,718)		(17,422)
Foreign currency exchange rate changes		(329)		63		398
End of period	\$	40,042	\$	17,481	\$	18,972

Restructuring charges

In fiscal year 2022, the Company determined to implement a streamlined Aerospace and Industrial organizational and leadership structure designed to enhance the sales experience for customers, simplify operations, and increase profitability through improved execution. In connection with leadership changes arising from such reorganization, we recorded \$1,083 of restructuring charges as nonsegment expenses, the majority of which are expected to be paid within twelve months.

In fiscal year 2021, the Company recorded aggregate restructuring charges totaling \$5,008 as nonsegment expenses for two separate workforce management actions, one in our hydraulics systems business and one in our engine systems business. In fiscal year 2022, we experienced a challenging operating environment that included the ongoing impact of global supply chain and labor disruptions, along with high inflation, which resulted in changed business conditions as compared to when we initially recorded the restructuring charges in fiscal year 2021. We adapted to the changed business conditions by, among other initiatives, (i) developing and implementing plans to insource select machined components, (ii) redeploying talent and adding indirect resources to our factories to stabilize the production environment, and (iii) determining to retain employees that otherwise would have been impacted by the planned restructuring activities to support a stable workforce and effectively manage through attrition. As such, the remaining unpaid accrued restructuring charges, which amounted to \$4,503, were no longer needed and were reversed.

In fiscal year 2020, the Company committed to a plan of termination (the "COVID-19 Termination Plan"), as well as other cost savings actions, in response to the ongoing global economic challenges resulting from the COVID-19 pandemic and its impact on the Company's business. The COVID-19 Termination Plan involved the termination and/or furlough of employees and contractors at certain of the Company's operating facilities, primarily in the United States. As a result of the COVID-19 Termination Plan and other related actions, the Company incurred \$23,673 of restructuring charges for employee severance and benefits costs as of September 30, 2020, with the majority of the cash expenditures being paid by September 30, 2020. All of the restructuring charges recorded during the fiscal year ended September 30, 2020 were (i) recorded as nonsegment expenses and (ii) were paid or reversed, as appropriate, as of September 30, 2021.

The summary of activity in accrued restructuring charges during the fiscal years ended September 30, 2022 and September 30, 2021 is as follows:

	Period Activity					Balances as of September 30, 2022
	Balances as of September 30, 2021	Charges	Payments	Foreign currency exchange rate changes	Non-cash activity	
Workforce management costs associated with:						
Hydraulics Systems Realignment	\$ 3,758	\$ —	\$ (505)	\$ —	\$ (3,253)	\$ —
Engine Systems Realignment	1,250	—	—	—	(1,250)	—
Aerospace	—	199	—	—	—	199
Industrial	—	944	—	—	—	944
Total	\$ 5,008	\$ 1,083	\$ (505)	\$ —	\$ (4,503)	\$ 1,083

	Period Activity					Balances as of September 30, 2021
	Balances as of September 30, 2020	Charges	Payments	Foreign currency exchange rate changes	Non-cash activity	
Workforce management costs associated with:						
Hydraulics Systems Realignment	\$ —	\$ 3,758	\$ —	\$ —	\$ —	\$ 3,758
Engine Systems Realignment	—	1,250	—	—	—	1,250
COVID-19 pandemic	3,395	—	(2,409)	180	(1,166)	—
Total	\$ 3,395	\$ 5,008	\$ (2,409)	\$ 180	\$ (1,166)	\$ 5,008

Note 17. Other liabilities

	September 30, 2022	September 30, 2021
Net accrued retirement benefits, less amounts recognized within accrued liabilities	\$ 70,168	\$ 107,074
Total unrecognized tax benefits	9,757	13,412
Noncurrent income taxes payable	14,329	16,257
Deferred economic incentives (1)	7,029	8,378
Cross-currency swap derivative liability	—	50,185
Noncurrent operating lease liabilities	21,443	14,770
Net noncurrent contract liabilities	396,345	386,324
Other	10,185	21,713
	\$ 529,256	\$ 617,908

(1) Woodward receives certain economic incentives from various state and local authorities related to capital expansion projects. Such amounts are initially recorded as deferred credits and are being recognized as a reduction to pre-tax expense over the economic lives of the related capital expansion projects.

Note 18. Other (income) expense, net

	Year Ended September 30,		
	2022	2021	2020
Equity interest in the earnings of the JV (Note 6)	\$ (18,193)	\$ (11,366)	\$ (15,580)
Net gain on sales of assets and businesses(1)	(1,775)	(4,452)	(23,598)
Rent income	(672)	(1,355)	(1,403)
Net loss (gain) on investments in deferred compensation program	6,295	(4,929)	(3,376)
Other components of net periodic pension and other postretirement benefit, excluding service cost and interest expense	(11,572)	(14,327)	(11,809)
Other	(774)	(264)	(400)
	\$ (26,691)	\$ (36,493)	\$ (56,166)

(1) Included in net gain on sale of assets and businesses for the fiscal year ended September 30, 2020 was the pre-tax gain on sale of Duarte real property in the amount of \$22,323 and the pre-tax gain on sale of the Loveland campus of \$2,330.

Note 19. Income taxes

Income taxes consisted of the following:

	Year Ended September 30,		
	2022	2021	2020
Current:			
Federal	\$ 21,866	\$ 15,109	\$ 15,976
State	2,310	853	1,383
Foreign	27,577	34,354	22,588
Deferred:			
Federal	(13,216)	(8,369)	10,784
State	(8,623)	(2,658)	(547)
Foreign	(1,712)	(2,139)	(8,688)
	<u>\$ 28,200</u>	<u>\$ 37,150</u>	<u>\$ 41,486</u>

Earnings before income taxes by geographical area consisted of the following:

	Year Ended September 30,		
	2022	2021	2020
United States	\$ 99,427	\$ 136,280	\$ 180,753
Other countries	100,471	109,519	101,228
	<u>\$ 199,898</u>	<u>\$ 245,799</u>	<u>\$ 281,981</u>

Significant components of deferred income taxes presented in the Consolidated Balance Sheets are related to the following:

	September 30, 2022		September 30, 2021	
Deferred tax assets:				
Defined benefit plans, other postretirement	\$	4,144	\$	5,364
Foreign net operating loss carryforwards		3,449		2,110
Inventory		57,102		51,011
Stock-based and other compensation		42,428		36,343
Deferred revenue net of unbilled receivables		49,491		46,002
Other reserves		8,017		10,619
Tax credits and incentives		25,623		22,756
Lease obligations		7,150		5,818
Other		3,402		7,936
Valuation allowance		(2,537)		(4,138)
Total deferred tax assets, net of valuation allowance		<u>156,209</u>		<u>183,821</u>
Deferred tax liabilities:				
Goodwill and intangibles - net		(187,988)		(210,911)
Property, plant and equipment		(100,215)		(105,724)
Right of use assets		(7,053)		(5,497)
Defined benefit plans, pension		(3,969)		(2,837)
Other		(2,832)		(2,722)
Total deferred tax liabilities		<u>(302,057)</u>		<u>(327,691)</u>
Net deferred tax liabilities	\$	<u>(145,848)</u>	\$	<u>(143,870)</u>

Woodward has recorded a net operating loss ("NOL") deferred tax asset of \$3,449 as of September 30, 2022 and \$2,110 as of September 30, 2021. The majority of the NOL carryforwards as of September 30, 2022 expire at various times beginning in fiscal years 2023 through 2029.

Woodward has recorded tax credits and incentives deferred tax assets of \$25,623 as of September 30, 2022 and \$22,756 as of September 30, 2021. The majority of the tax credit and incentive carryforwards as of September 30, 2022 expire at various times beginning in fiscal year 2023 through 2034.

Deferred tax assets are reduced by a valuation allowance when the realization of the deferred tax asset is less than 50 percent likely. Both positive and negative evidence are considered in forming Woodward's judgment as to whether a valuation allowance is appropriate, and more weight is given to evidence that can be objectively verified. Valuation allowances are reassessed whenever there are changes in circumstances that may cause a change in judgment.

The change in the valuation allowance was primarily the result of releasing a valuation allowance related to certain state tax credit carryforwards that we determined are now more likely than not realizable.

At September 30, 2022, Woodward has not provided for taxes on undistributed foreign earnings of \$346,000 that it considered indefinitely reinvested. These earnings could become subject to income taxes if they are remitted as dividends, are loaned to Woodward or any of Woodward's subsidiaries located in the United States, or if Woodward sells its stock in the foreign subsidiaries. Any additional U.S. taxes could be offset, in part or in whole, by foreign tax credits. The amount of such taxes and application of tax credits would be dependent on the income tax laws and other circumstances at the time these amounts are repatriated. Based on these variables, it is impractical to determine the income tax liability that might be incurred if these funds were to be repatriated.

The following is a reconciliation of the U.S. Federal statutory tax 21% in the fiscal years ended September 30, 2022, September 30, 2021 and September 30, 2020 to Woodward's effective income tax rate:

	Year Ending September 30,		
	2022	2021	2020
Percent of pretax earnings			
Statutory tax rate	21.0%	21.0%	21.0%
State income taxes, net of federal tax benefit	(2.5)	(0.5)	0.3
Taxes on international activities	0.8	(0.1)	(2.1)
Research credits	(4.5)	(3.1)	(3.6)
Net excess income tax benefit from stock-based compensation	(2.5)	(4.2)	(2.8)
Adjustments of prior period tax items	—	0.4	1.0
Compensation and benefits	0.3	0.5	0.4
Other items, net	1.5	1.1	0.5
Effective tax rate	14.1%	15.1%	14.7%

In determining the tax amounts in Woodward's financial statements, estimates are sometimes used that are subsequently adjusted in the actual filing of tax returns or by updated calculations. In addition, Woodward occasionally has resolutions of tax items with tax authorities related to prior years due to the conclusion of audits and the lapse of applicable statutes of limitations. Such adjustments are included in the "Adjustments of prior period tax items" line in the above table.

The decrease in the effective tax rate for fiscal year 2022 compared to fiscal year 2021 is primarily attributable to a partial release of valuation allowance related to state credits and increased Research and Development Credit in the current fiscal year when compared to the prior fiscal year. This decrease was partially offset by a smaller stock-based compensation tax benefit in the current fiscal year when compared to the prior fiscal year.

A reconciliation of the beginning and ending amounts of gross unrecognized tax benefits follows:

	Year Ending September 30,		
	2022	2021	2020
Beginning balance	\$ 15,190	\$ 9,851	\$ 10,305
Additions to current year tax positions	1,783	2,289	1,890
Reductions to prior year tax positions	(963)	—	(2,415)
Additions to prior year tax positions	114	3,166	71
Lapse of applicable statute of limitations	(4,193)	(107)	—
Ending balance	\$ 11,938	\$ 15,199	\$ 9,851

Included in the balance of unrecognized tax benefits were \$8,092 as of September 30, 2022 and \$8,724 as of September 30, 2021 of tax benefits that, if recognized, would affect the effective tax rate. At this time, Woodward estimates that it is reasonably possible that the liability for unrecognized tax benefits will decrease by as much as \$4,203 in the next twelve months due to the completion of review by tax authorities, lapses of statutes, and the settlement of tax positions. Woodward accrues for potential interest and penalties related to unrecognized tax benefits and all other interest and penalties related to tax payments in tax expense.

Woodward's tax returns are subject to audits by U.S. federal, state, and foreign tax authorities, and these audits are at various stages of completion at any given time. Reviews of tax matters by authorities and lapses of the applicable statutes of limitation may result in changes to tax expense. Woodward's fiscal years remaining open to examination for U.S. Federal income taxes include fiscal years 2019 and thereafter. In fiscal year 2020, Woodward concluded its U.S. Federal income tax examination through fiscal year 2017, which included a foreign tax carryback to fiscal year 2016. Woodward's fiscal years remaining open to examination for significant U.S. state income tax jurisdictions include fiscal years 2018 and thereafter. Woodward's, fiscal years remaining open to examination in significant foreign jurisdictions include 2017 and thereafter.

Note 20. Retirement benefits

Woodward provides various retirement benefits to eligible members of the Company, including contributions to various defined contribution plans, pension benefits associated with defined benefit plans, postretirement medical benefits and postretirement life insurance benefits. Eligibility requirements and benefit levels vary depending on employee location.

Defined contribution plans

Most of the Company's U.S. employees are eligible to participate in the U.S. defined contribution plan. The U.S. defined contribution plan allows employees to defer part of their annual income for income tax purposes into their personal 401(k) accounts. The Company makes matching contributions to eligible employee accounts, which are also deferred for employee personal income tax purposes. Certain non-U.S. employees are also eligible to participate in similar non-U.S. plans.

Prior to January 1, 2021 most of Woodward's U.S. employees with at least two years of qualifying service (such two years of service, the "Initial Period of Service") received an annual contribution of Woodward stock, generally equal to 5% of their eligible prior year wages, to their personal Woodward Retirement Savings Plan accounts (the "Stock Contribution"). Effective as of January 1, 2021, the Board amended the Woodward Retirement Savings Plan to eliminate the Initial Period Service for purposes of the Stock Contribution. Eligible U.S. employees are now generally eligible to receive the Stock Contribution if they are employed by the Company on the last day of the applicable calendar year without regard to service time. The first Company Stock Contribution under the amended contribution rules were made during the second quarter of fiscal year 2022.

In the second quarters of fiscal years 2022, 2021, and 2020, Woodward fulfilled its annual Woodward stock contribution obligation using shares held in treasury stock by issuing a total of 150 shares of common stock for a value of \$17,132 in fiscal year 2022, 128 total shares of common stock for a value of \$14,900 in fiscal year 2021, and 124 shares of common stock for a value of \$14,748 in fiscal year 2020. The Woodward Retirement Savings Plan (the "WRS Plan") held 2,553 shares of Woodward stock as of September 30, 2022 and 2,760 shares as of September 30, 2021. The shares held in the WRS Plan participate in dividends and are considered issued and outstanding for purposes of calculating basic and diluted earnings per share. Accrued liabilities included obligations to contribute shares of Woodward common stock to the WRS Plan in the amount of \$14,769 as of September 30, 2022 and \$11,588 as of September 30, 2021.

The amount of expense associated with defined contribution plans was as follows:

	Year Ended September 30,					
	2022		2021		2020	
Company costs	\$	40,898	\$	33,717	\$	33,769

Defined benefit plans

Woodward has defined benefit plans that provide pension benefits for certain retired employees in the United States, the United Kingdom, Japan, and Germany. Woodward also provides other postretirement benefits to its employees including postretirement medical benefits and life insurance benefits. Postretirement medical benefits are provided to certain current and retired employees and their covered dependents and beneficiaries in the United States and the United Kingdom. Life insurance benefits are provided to certain retirees in the United States under frozen plans, which are no longer available to current employees. A September 30 measurement date is utilized to value plan assets and obligations for all of Woodward's defined benefit pension and other postretirement benefit plans.

Excluding the Woodward HRT Plan, which is only partially frozen to salaried participants, the defined benefit plans in the United States were frozen in fiscal year 2007 and no additional employees may participate in the U.S. plans and no additional service costs will be incurred.

Pension Plans

The actuarial assumptions used in measuring the net periodic benefit cost and plan obligations of retirement pension benefits were as follows:

	At September 30,		
	2022	2021	2020
United States:			
Weighted-average assumptions to determine benefit obligation:			
Discount rate	5.70%	3.05%	2.75%
Weighted-average assumptions to determine periodic benefit costs:			
Discount rate	3.05	2.75	3.25
Long-term rate of return on plan assets	5.00	7.15	7.39

The discount rate assumption is intended to reflect the rate at which the retirement benefits could be effectively settled based upon the assumed timing of the benefit payments.

In the United States, Woodward uses a bond portfolio matching analysis based on recently traded, non-callable bonds rated AA or better that have at least \$50 million outstanding to determine the benefit obligations at year end.

	At September 30,		
	2022	2021	2020
United Kingdom:			
Weighted-average assumptions to determine benefit obligation:			
Discount rate	5.35%	2.05%	1.62%
Rate of compensation increase	4.00	3.80	3.30
Weighted-average assumptions to determine periodic benefit costs:			
Discount rate - service cost	2.15	1.71	1.79
Discount rate - interest cost	1.83	1.41	1.59
Rate of compensation increase	4.00	3.30	3.50
Long-term rate of return on plan assets	3.80	4.00	4.75

	At September 30,		
	2022	2021	2020
Japan:			
Weighted-average assumptions to determine benefit obligation:			
Discount rate	1.60%	0.92%	1.10%
Rate of compensation increase	2.00	2.00	2.00
Weighted-average assumptions to determine periodic benefit costs:			
Discount rate - service cost	1.13	1.33	0.72
Discount rate - interest cost	0.65	0.74	0.31
Rate of compensation increase	2.25	2.00	2.00
Long-term rate of return on plan assets	2.00	2.00	2.50

	At September 30,		
	2022	2021	2020
Germany:			
Weighted-average assumptions to determine benefit obligation:			
Discount rate	3.97%	1.36%	0.97%
Rate of compensation increase	2.50	2.50	2.50
Weighted-average assumptions to determine periodic benefit costs:			
Discount rate - service cost	1.54	1.11	1.01
Discount rate - interest cost	1.06	0.76	0.56
Rate of compensation increase	2.50	2.50	2.50

In the United Kingdom, Germany and Japan, Woodward uses a high-quality corporate bond yield curve matched with separate cash flows to develop a single rate to determine the single rate equivalent to settle the entire benefit obligations in each jurisdiction. For the fiscal years ended September 30, 2022 and 2021, the discount rate used to determine periodic service cost and interest cost components of the overall benefit costs was based on spot rates derived from the same high-quality corporate bond yield curve used to determine the September 30, 2021 and 2020 benefit obligation, respectively, matched with separate cash flows for each future year.

Compensation increase assumptions, where applicable, are based upon historical experience and anticipated future management actions.

In determining the long-term rate of return on plan assets, Woodward assumes that the historical long-term compound growth rates of equity and fixed-income securities will predict the future returns of similar investments in the plan portfolio. Investment management and other fees paid out of the plan assets are factored into the determination of asset return assumptions.

Mortality assumptions are based on published mortality studies developed primarily based on past experience of the broad population and modified for projected longevity trends. The projected benefit obligations in the United States as of September 30, 2022 and September 30, 2021 were based on the Society of Actuaries ("SOA") PVI-2012 Mortality Tables Report using the SOA's Mortality Improvement Scale MP-2019 ("MP-2019") and projected forward using a custom projection scale based on MP-2019 with a 5-year convergence period and a long-term rate of 0.75%.

As of September 30, 2022 and September 30, 2021, mortality assumptions in Japan were based on the Standard rates 2020 and mortality assumptions for the United Kingdom pension scheme were based on the Self-administered pension scheme ("SAPS") S3 "all" tables with a projected 1.5% annual improvement rate. As of September 30, 2022, and September 30, 2021, mortality assumptions in Germany were based on the Heubeck 2018 G mortality tables.

Net periodic benefit costs consist of the following components reflected as expense in Woodward's Consolidated Statement of Earnings:

	Year Ended September 30,								
	United States			Other Countries			Total		
	2022	2021	2020	2022	2021	2020	2022	2021	2020
Service cost	\$ 1,554	\$ 1,730	\$ 1,659	\$ 2,339	\$ 2,932	\$ 2,865	\$ 3,893	\$ 4,651	\$ 4,534
Interest cost	5,281	4,957	5,590	1,612	1,361	1,278	6,893	6,318	6,868
Expected return on plan assets	(10,853)	(14,144)	(12,346)	(2,434)	(2,482)	(2,827)	(13,287)	(16,626)	(15,173)
Amortization of:									
Net losses	259	541	1,430	555	931	1,046	814	1,472	2,476
Net prior service cost	981	969	936	23	25	23	1,004	994	959
Net periodic (benefit) cost	\$ (2,778)	\$ (5,948)	\$ (2,731)	\$ 2,095	\$ 2,757	\$ 2,385	\$ (882)	\$ (5,151)	\$ (346)

The following tables provide a reconciliation of the changes in the projected benefit obligation and fair value of assets for the defined benefit pension plans:

	At or for the Year Ended September 30,					
	United States		Other Countries		Total	
	2022	2021	2022	2021	2022	2021
Changes in projected benefit obligation:						
Projected benefit obligation at beginning of year	\$ 177,346	\$ 184,077	\$ 122,018	\$ 123,546	\$ 299,364	\$ 307,623
Plan amendment	—	611	—	—	—	611
Service cost	1,554	1,729	2,339	2,922	3,893	4,651
Interest cost	5,281	4,957	1,612	1,361	6,893	6,318
Net actuarial losses (gains)	(43,639)	(6,496)	(40,968)	(3,459)	(84,607)	(9,955)
Contributions by participants	—	—	10	10	10	10
Benefits paid	(8,098)	(7,532)	(3,487)	(3,782)	(11,585)	(11,314)
Foreign currency exchange rate changes	—	—	(16,047)	1,420	(16,047)	1,420
Projected benefit obligation at end of year	\$ 132,444	\$ 177,346	\$ 65,477	\$ 122,018	\$ 297,921	\$ 299,364
Changes in fair value of plan assets:						
Fair value of plan assets at beginning of year	\$ 221,263	\$ 201,555	\$ 69,844	\$ 65,154	\$ 291,107	\$ 266,709
Actual return on plan assets	(58,684)	27,340	(9,822)	4,675	(68,506)	31,915
Contributions by the Company	—	—	2,370	2,185	2,370	2,185
Contributions by plan participants	—	—	10	10	10	10
Benefits paid	(8,098)	(7,532)	(3,487)	(3,782)	(11,585)	(11,314)
Foreign currency exchange rate changes	—	—	(13,386)	3,602	(11,386)	1,602
Fair value of plan assets at end of year	\$ 154,481	\$ 221,263	\$ 47,578	\$ 69,844	\$ 202,060	\$ 291,107
Net over/(under) funded status at end of year	\$ 22,037	\$ 48,917	\$ (17,898)	\$ (52,174)	\$ 4,139	\$ (8,257)

At September 30, 2022, the Company's defined benefit pension plans in the United Kingdom, Japan and Germany represented \$30,788, \$6,976 and \$27,713 of the total projected benefit obligation, respectively. At September 30, 2022, the United Kingdom and Japan pension plan assets represented \$39,096 and \$8,483 of the total fair value of all plan assets, respectively. The German pension plans are unfunded and have no plan assets.

The largest contributor to the net actuarial gains affecting the funded status for the defined benefit pension plans in the United States is due to an increase in the discount rate. The largest contributor to the net actuarial gains affecting the benefit obligation for the defined benefit pension plans in the United Kingdom, Japan, and Germany is due to an increase in the discount rate.

The accumulated benefit obligations of the Company's defined benefit pension plans at September 30, 2022 was \$132,444 in the United States, \$30,342 in the United Kingdom, \$6,432 in Japan, and \$27,707 in Germany, and at September 30, 2021 was \$177,346 in the United States, \$60,690 in the United Kingdom, \$8,958 in Japan, and \$50,402 in Germany.

	Plans with accumulated benefit obligation in excess of plan assets		Plans with accumulated benefit obligation less than plan assets	
	At September 30,		At September 30,	
	2022	2021	2022	2021
Projected benefit obligation	\$ (48,371)	\$ (112,201)	\$ (148,558)	\$ (187,062)
Accumulated benefit obligation	(48,364)	(111,151)	(148,571)	(186,345)
Fair value of plan assets	18,459	57,945	183,601	233,161

The following tables provide the amounts recognized in the statement of financial position and accumulated other comprehensive losses for the defined benefit pension plans:

	Year Ended September 30,					
	United States		Other Countries		Total	
	2022	2021	2022	2021	2022	2021
Amounts recognized in statement of financial position consist of:						
Other non-current assets	\$ 24,159	\$ 43,917	\$ 9,892	\$ 2,182	\$ 34,051	\$ 46,099
Accrued liabilities	—	—	(976)	(1,017)	(976)	(1,017)
Other non-current liabilities	(2,122)	—	(26,814)	(33,339)	(28,936)	(53,339)
Net over/(under) funded status at end of year	\$ 22,037	\$ 43,917	\$ (17,898)	\$ (32,174)	\$ 4,139	\$ (8,257)
Amounts recognized in accumulated other comprehensive income consist of:						
Unrecognized net prior service cost	\$ 3,475	\$ 4,455	\$ 462	\$ 584	\$ 3,937	\$ 5,039
Unrecognized net losses (gains)	14,822	(10,816)	(5,459)	24,860	9,363	14,044
Total amounts recognized	18,297	(6,361)	(4,997)	25,444	13,300	19,083
Deferred taxes	(7,801)	(3,693)	(697)	(7,285)	(8,498)	(9,476)
Amounts recognized in accumulated other comprehensive income	\$ 10,496	\$ (8,052)	\$ (5,694)	\$ 17,659	\$ 4,802	\$ 9,607

The following table reconciles the changes in accumulated other comprehensive losses for the defined benefit pension plans:

	Year Ended September 30,					
	United States		Other Countries		Total	
	2022	2021	2022	2021	2022	2021
Accumulated other comprehensive losses at beginning of year	\$ (6,361)	\$ 14,131	\$ 25,444	\$ 31,277	\$ 19,083	\$ 45,508
Net loss (gains)	25,898	(15,093)	(26,712)	(5,822)	(2,814)	(25,425)
Prior service cost due to plan amendment	—	611	—	—	—	611
Amortization of:						
Net losses	(259)	(541)	(555)	(931)	(814)	(1,472)
Prior service cost	(981)	(969)	(23)	(25)	(1,004)	(994)
Foreign currency exchange rate changes	—	—	(3,151)	855	(1,151)	855
Accumulated other comprehensive losses at end of year	\$ 18,297	\$ (6,361)	\$ (4,997)	\$ 25,444	\$ 13,300	\$ 19,083

Pension benefit payments are made from the assets of the pension plans. The German pension plans are unfunded; therefore, benefit payments are made from Company contributions into these plans as required to meet the payment obligations. Using foreign exchange rates as of September 30, 2022 and expected future service assumptions, it is anticipated that the future benefit payments will be as follows:

Year Ending September 30,	United States		Other Countries		Total
2023	\$ 8,839	\$ 3,184	\$ 12,023		
2024	9,310	3,083	12,393		
2025	9,673	3,060	12,733		
2026	9,967	3,069	13,036		
2027	10,235	3,180	13,415		
2028 – 2032	52,807	19,239	72,046		

Woodward expects its pension plan contributions in fiscal year 2023 will be \$1,044 in the United Kingdom, \$134 in Japan and \$990 in Germany. Woodward expects to have no pension plan contributions in fiscal year 2023 in the United States.

Pension plan assets

The overall investment objective of the pension plan assets is to earn a rate of return over time which, when combined with Company contributions, satisfies the benefit obligations of the pension plans and maintains sufficient liquidity to pay benefits.

As the timing and nature of the plan obligations varies for each Company sponsored pension plan, investment strategies have been individually designed for each pension plan with a common focus on maintaining diversified investment portfolios that provide for long-term growth while minimizing the risk to principal associated with short-term market behavior. The strategy for each of the plans balances the requirements to generate returns, using investments expected to produce higher returns, such as equity securities, with the need to control risk within the pension plans using less volatile investment assets, such as debt securities. A strategy of more equity-oriented allocation is adopted for those plans which have a longer-term investment plan based on the timing of the associated benefit obligations.

Risks associated with the plan assets include interest rate fluctuation risk, market fluctuation risk, risk of default by debt issuers and liquidity risk. To manage these risks, the assets are managed by established, professional investment firms and performance is evaluated regularly by the Company's pension oversight committee against specific benchmarks and each plan's investment objectives. Liability management and asset class diversification are central to the Company's risk management approach and overall investment strategy.

The assets of the U.S. plans are invested in actively managed mutual funds. The assets of the plans in the United Kingdom and Japan are invested in actively managed pooled investment funds. Each individual mutual fund or pooled investment fund has been selected based on the investment strategy of the related plan, which mirrors a specific asset class within the associated target allocation. The plans in Germany are unfunded and have no plan assets. Pension plan assets at September 30, 2022 and 2021 do not include any direct investment in Woodward's common stock.

The asset allocations are monitored and rebalanced regularly by investment managers assigned to the individual pension plans. The actual allocations of pension plan assets and target allocation ranges by asset class, are as follows:

	At September 30,					
	2022			2021		
	Percentage of Plan Assets	Target Allocation Ranges		Percentage of Plan Assets	Target Allocation Ranges	
United States:						
Asset Class						
Equity Securities	29.5%	2.4%	—	51.2%	30.7%	2.5%
Debt Securities	69.0%	58.8%	—	47.6%	67.7%	58.8%
Other	1.5%		0.0%	1.6%		0.0%
	100.0%			100.0%		
United Kingdom:						
Asset Class						
Equity Securities	46.2%	50.0%	—	90.0%	42.3%	50.0%
Debt Securities	52.3%	45.0%	—	70.0%	57.3%	45.0%
Other	1.5%		0.0%	0.4%		0.0%
	100.0%			100.0%		
Japan:						
Asset Class						
Equity Securities	39.9%	36.0%	—	44.0%	40.3%	36.0%
Debt Securities	60.1%	55.0%	—	63.0%	58.8%	55.0%
Other	0.0%	0.0%	—	2.0%	0.9%	—
	100.0%			100.0%		

Actual allocations to each asset class can vary from target allocations due to periodic market value fluctuations, investment strategy changes, and the timing of benefit payments and contributions.

The following tables present Woodward's pension plan assets using the fair value hierarchy established by U.S. GAAP:

Asset Category:	At September 30, 2022							Total
	Level 1		Level 2		Level 3			
	United States	Other Countries	United States	Other Countries	United States	Other Countries		
Cash and cash equivalents	\$ 2,265	\$ 467	\$ —	\$ —	\$ —	\$ —	\$ 2,732	
Mutual funds:								
U.S. corporate bond fund	106,653	—	—	—	—	—	106,653	
U.S. equity large cap fund	28,088	—	—	—	—	—	28,088	
International equity large cap growth fund	17,475	—	—	—	—	—	17,475	
Pooled funds:								
Japanese equity securities	—	—	—	1,775	—	—	1,775	
International equity securities	—	—	—	1,610	—	—	1,610	
Japanese fixed income securities	—	—	—	3,875	—	—	3,875	
International fixed income securities	—	—	—	1,325	—	—	1,325	
Global target return equity/bond fund	—	—	—	11,533	—	—	11,533	
Index linked U.K. equity fund	—	—	—	2,253	—	—	2,253	
Index linked international equity fund	—	—	—	4,271	—	—	4,271	
Index linked U.K. corporate bonds fund	—	—	—	12,124	—	—	12,124	
Index linked U.K. government securities fund	—	—	—	3,701	—	—	3,701	
Index linked U.K. long-term government securities fund	—	—	—	4,645	—	—	4,645	
Total assets	\$ 154,481	\$ 467	\$ —	\$ 47,112	\$ —	\$ —	\$ 202,060	

Asset Category:	At September 30, 2021							Total
	Level 1		Level 2		Level 3			
	United States	Other Countries	United States	Other Countries	United States	Other Countries		
Cash and cash equivalents	\$ 3,508	\$ 324	\$ —	\$ —	\$ —	\$ —	\$ 3,832	
Mutual funds:								
U.S. corporate bond fund	149,727	—	—	—	—	—	149,727	
U.S. equity large cap fund	41,988	—	—	—	—	—	41,988	
International equity large cap growth fund	26,040	—	—	—	—	—	26,040	
Pooled funds:								
Japanese equity securities	—	—	—	2,610	—	—	2,610	
International equity securities	—	—	—	2,180	—	—	2,180	
Japanese fixed income securities	—	—	—	5,224	—	—	5,224	
International fixed income securities	—	—	—	1,775	—	—	1,775	
Global target return equity/bond fund	—	—	—	15,201	—	—	15,201	
Index linked U.K. equity fund	—	—	—	3,236	—	—	3,236	
Index linked international equity fund	—	—	—	6,093	—	—	6,093	
Index linked U.K. corporate bonds fund	—	—	—	18,438	—	—	18,438	
Index linked U.K. government securities fund	—	—	—	6,047	—	—	6,047	
Index linked U.K. long-term government securities fund	—	—	—	8,716	—	—	8,716	
Total assets	\$ 221,261	\$ 324	\$ —	\$ 69,520	\$ —	\$ —	\$ 291,107	

Cash and cash equivalents: Cash and cash equivalents held by the Company's pension plans are held on deposit with creditworthy financial institutions. The fair value of the cash and cash equivalents are based on the quoted market price of the respective currency in which the cash is maintained.

Pension assets invested in mutual funds: The assets of the Company's U.S. pension plans are invested in various mutual funds which invest in both equity and debt securities. The fair value of the mutual funds is determined based on the quoted market price of each fund.

Pension assets invested in pooled funds: The assets of the Company's Japan and United Kingdom pension plans are invested in pooled investment funds, which include both equity and debt securities. The assets of the United Kingdom pension plan are invested in index-linked pooled funds which aim to replicate the movements of an underlying market index to which the fund is linked. Fair value of the pooled funds is based on the net asset value of shares held by the plan as reported by the fund sponsors. All pooled funds held by plans outside of the United States are considered to be invested in international equity and debt securities. Although the underlying securities may be largely domestic to the plan holding the investment assets, the underlying assets are considered international from the perspective of the Company.

There were no transfers into or out of Level 3 assets in fiscal years 2022 or 2021.

Other postretirement benefit plans

Woodward provides other postretirement benefits to its employees including postretirement medical benefits and life insurance benefits. Postretirement medical benefits are provided to certain current and retired employees and their covered dependents and beneficiaries in the United States. Benefits include the option to elect company provided medical insurance coverage to age 65 and a Medicare supplemental plan after age 65. Life insurance benefits are also provided to certain retirees in the United States under frozen plans which are no longer available to current employees. A September 30 measurement date is utilized to value plan assets and obligations for Woodward's other postretirement benefit plans.

The postretirement medical benefit plans, other than the plan assumed in an acquisition in fiscal year 2009, were frozen in fiscal year 2006 and no additional employees may participate in the plans. Generally, employees who had attained age 55 and had rendered 10 or more years of service before the plans were frozen were eligible for these postretirement medical benefits.

Certain participating retirees are required to contribute to the plans in order to maintain coverage. The plans provide postretirement medical benefits for approximately 7 retired employees and their covered dependents and beneficiaries and may provide future benefits to 401 active employees and their covered dependents and beneficiaries, upon retirement, if the employees elect to participate. All the postretirement medical plans are fully insured for retirees who have attained age 65.

The actuarial assumptions used in measuring the net periodic benefit cost and plan obligations of postretirement benefits were as follows:

	At September 30,		
	2022	2021	2020
Weighted-average discount rate used to determine benefit obligation	5.70%	3.80%	2.45%
Weighted-average discount rate used to determine net periodic benefit cost	2.80	2.45	3.05

The discount rate assumption is intended to reflect the rate at which the postretirement benefits could be effectively settled based upon the assumed timing of the benefit payments.

Woodward used a bond portfolio matching analysis based on recently traded, non-callable bonds rated AA or better that have at least \$50 million outstanding to determine the benefit obligations at year end.

Mortality assumptions are based on published mortality studies developed primarily based on past experience of the broad population and modified for projected longevity trends. The projected benefit obligations in the United States as of September 30, 2022 and September 30, 2021 were based on the SCA PR-2012 Mortality Tables Report using the SCA's MP-2019 and projected forward using a custom projection scale based on MP-2019 with a 5-year convergence period and a long-term rate of 0.75%.

Assumed healthcare cost trend rates at September 30, were as follows:

	2022	2021
	Health care cost trend rate assumed for next year	6.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2027	2027

Net periodic benefit costs consist of the following components reflected as expense in Woodward's Consolidated Statements of Earnings:

	Year Ended September 30,		
	2022	2021	2020
Service cost	\$ 1	\$ 1	\$ 2
Interest cost	577	599	782
Amortization of:			
Net (gain) loss	(94)	30	47
Net prior service cost (benefit)	—	1	3
Net periodic cost	\$ 484	\$ 631	\$ 834

The following table provides a reconciliation of the changes in the accumulated postretirement benefit obligation and fair value of assets for the postretirement benefits:

	Year Ended September 30,	
	2022	2021
Changes in accumulated postretirement benefit obligation:		
Accumulated postretirement benefit obligation at beginning of year	\$ 21,544	\$ 25,445
Service cost	1	1
Interest cost	577	599
Premiums paid by plan participants	923	993
Net actuarial gains	(3,504)	(2,421)
Benefits paid	(2,744)	(3,072)
Accumulated postretirement benefit obligation at end of year	\$ 16,797	\$ 21,544
Changes in fair value of plan assets:		
Fair value of plan assets at beginning of year	\$ —	\$ —
Contributions by the company	1,821	2,079
Premiums paid by plan participants	923	993
Benefits paid	(2,744)	(3,072)
Fair value of plan assets at end of year	\$ —	\$ —
Funded status at end of year	\$ (16,797)	\$ (21,544)

The following tables provide the amounts recognized in the statement of financial position and accumulated other comprehensive losses for the postretirement plans:

	Year Ended September 30,	
	2022	2021
Amounts recognized in statement of financial position consist of:		
Accrued liabilities	\$ (1,803)	\$ (1,808)
Other non-current liabilities	(18,994)	(19,736)
Funded status at end of year	\$ (16,797)	\$ (21,544)
Amounts recognized in accumulated other comprehensive income consist of:		
Unrecognized net prior service cost (benefit)	\$ —	\$ —
Unrecognized net gains	(6,225)	(2,815)
Total amounts recognized	(6,225)	(2,815)
Deferred taxes	1,247	289
Amounts recognized in accumulated other comprehensive income	\$ (4,978)	\$ (2,526)

Woodward pays plan benefits from its general funds; therefore, there are no segregated plan assets as of September 30, 2022 or September 30, 2021.

The accumulated benefit obligations of the Company's postretirement plans were \$16,797 at September 30, 2022 and \$21,544 at September 30, 2021. The largest contributor to the actuarial gains affecting the Company's postretirement plans accumulated benefit obligations were the claims experience being lower than expected and increase in discount rate.

The following table reconciles the changes in accumulated other comprehensive losses for the other postretirement benefit plans:

	Year Ended September 30,			
	2022		2021	
Accumulated other comprehensive losses at beginning of year	\$	(2,815)	\$	(362)
Net gain		(3,504)		(2,422)
Amortization of:				
Net gains (losses)		94		(30)
Prior service cost		—		(1)
Accumulated other comprehensive losses at end of year	\$	(6,225)	\$	(2,815)

Using expected future service, it is anticipated that the future Company contributions to pay benefits for other postretirement benefit plans, excluding participate contributions, will be as follows:

Year Ending September 30,		
2023	\$	2,816
2024		2,795
2025		2,691
2026		2,602
2027		2,490
2028 – 2032		10,659

Note 21. Stockholders' equity

Common Stock

Holders of Woodward's common stock are entitled to receive dividends when and as declared by the Board and have the right to one vote per share on all matters requiring stockholder approval.

Dividends declared and paid were as follows:

	Year Ended September 30,					
	2022		2021		2020	
Dividends declared and paid	\$	44,378	\$	36,041	\$	37,664
Dividend per share amount		0.7325		0.5688		0.6050

Stock repurchase program

In November 2019, the Board had authorized a program for the repurchase of up to \$500,000 of Woodward's outstanding shares of common stock on the open market or in privately negotiated transactions over a three-year period that was scheduled to expire in November 2022 (the "2019 Authorization"). During fiscal year 2022, we repurchased 233 shares of our common stock for \$26,742 under the 2019 Authorization. During fiscal year 2021, we repurchased 404 shares of our common stock for \$45,860 under the 2019 Authorization, of which 110 shares repurchased were in-transit for \$12,516 as of September 30, 2021 and received in fiscal year 2022. During fiscal year 2020, we repurchased 124 shares of our common stock for \$13,346 under the 2019 Authorization.

In January 2022, the Board terminated the 2019 Authorization and concurrently authorized a program for the repurchase of up to \$800,000 of Woodward's outstanding shares of common stock on the open market or in privately negotiated transactions over a two-year period ending in January 2024 (the "2022 Authorization"). During fiscal year 2022, we repurchased 3,890 shares of our common stock for \$446,042 under the 2022 Authorization.

Stock-based compensation

Non-qualified stock option awards and restricted stock awards are granted to key management members and directors of the Company. The grant date for these awards is used for the measurement date. Vesting would be accelerated in the event of retirement, disability, or death of a participant, or change in control of the Company, as defined in the individual stock option agreements. These awards are valued as of the measurement date and are amortized on a straight-line basis over the requisite vesting period for all awards, including awards with graded vesting. Stock for exercised stock options and for restricted stock awards is issued from treasury stock shares.

Provisions governing outstanding stock option awards are included in the 2017 Omnibus Incentive Plan, as amended from time to time (the "2017 Plan") and the 2006 Omnibus Incentive Plan (the "2006 Plan"), as applicable.

The 2017 Plan was approved by Woodward's stockholders in January 2017 and is a successor plan to the 2006 Plan. As of September 14, 2016, the effective date of the 2017 Plan, the Board delegated authority to administer the 2017 Plan to the compensation committee of the board of directors (the "Committee"), including, but not limited to, the power to determine the recipients of awards and the terms of those awards. On January 29, 2020, Woodward's stockholders approved an additional 1,000 shares of Woodward's common stock to be made available for future grants. Under the 2017 Plan, there were approximately 2,938 shares of Woodward's common stock available for future grants as of September 30, 2022.

In connection with Thomas A. Gendron's retirement, Charles ("Chip") Blankenship, Jr. was appointed as Chief Executive Officer and President of the Company effective May 9, 2022. Mr. Blankenship received a one-time grant of restricted stock units ("RSUs") on his employment start date with a target delivered value of \$3,400,000, all of which is scheduled to vest on the third anniversary of the grant date, generally subject to his continued employment. He also received a non-qualified stock option grant on his employment start date with a targeted delivered value of \$2,200,000, the exercise price of which was equal to the closing price of the Company's stock on the Nasdaq Stock Market on the date of grant and which is scheduled to vest over four years at a rate of 25% per year subject to his continued employment.

Stock options

Woodward believes that stock options align the interests of its employees and directors with the interests of its stockholders. Stock option awards are granted with an exercise price equal to the market price of Woodward's stock at the date the grants are awarded, a ten-year term, and generally have a four-year vesting schedule at a rate of 25% per year.

The fair value of options granted is estimated as of the grant date using the Black-Scholes-Merton option-valuation model using the assumptions in the following table. Woodward calculates the expected term, which represents the average period of time that stock options granted are expected to be outstanding, based upon historical experience of plan participants. Expected volatility is based on historical volatility using daily stock price observations. The estimated dividend yield is based upon Woodward's historical dividend practice and the market value of its common stock. The risk-free rate is based on the U.S. treasury yield curve, for periods within the contractual life of the stock option, at the time of grant.

	Year Ended September 30,					
	2022		2021		2020	
Weighted-average exercise price per share	\$	115.30	\$	82.46	\$	90.52
Expected term (years)	6.6	-	8.7	6.5	8.7	6.4
Estimated volatility	33.9%	-	36.4%	33.3%	-	36.2%
Estimated dividend yield	0.6%	-	0.8%	0.3%	-	0.6%
Risk-free interest rate	1.1%	-	3.5%	0.4%	-	1.0%

The weighted average grant date fair value of options granted follows:

	Year Ended September 30,					
	2022	2021	2020			
Weighted-average grant date fair value of options	\$	41.78	\$	28.22	\$	25.41

The following is a summary of the activity for stock option awards during the fiscal year ended September 30, 2022:

	Number	Weighted-Average Exercise Price Per Share
Balance at September 30, 2021	5,339	\$ 68.21
Options granted	514	115.30
Options exercised	(468)	47.23
Options forfeited	(44)	88.65
Options expired	(2)	93.79
Balance at September 30, 2022	5,339	74.40

Exercise prices of stock options outstanding as of September 30, 2022 range from \$33.64 to \$104.77.

Changes in non-vested stock options during the fiscal year ended September 30, 2022 were as follows:

	Number	Weighted-Average Grant Date Fair Value Per Share
Balance at September 30, 2021	2,063	\$ 25.77
Options granted	514	41.78
Options vested	(721)	26.25
Options forfeited	(44)	29.53
Balance at September 30, 2022	1,812	30.03

Information about stock options that have vested, or are expected to vest, and are exercisable at September 30, 2022 was as follows:

	Number	Weighted-Average Exercise Price	Weighted-Average Remaining Life in Years	Aggregate Intrinsic Value
Options outstanding	5,339	\$ 74.40	5.6	\$ 64,895
Options vested and exercisable	3,528	65.83	4.4	58,726
Options vested and expected to vest	5,290	74.17	5.6	64,786

Other information follows:

	Year Ended September 30,		
	2022	2021	2020
Total fair value of stock options vested	\$ 18,945	\$ 19,324	\$ 17,423
Total intrinsic value of options exercised	32,709	63,667	50,059
Cash received from exercises of stock options	21,897	34,748	24,969
Excess tax benefit realized from exercise of stock options	6,472	12,364	9,399

Restricted Stock

During fiscal year 2022, Woodward granted 54 restricted stock units ("RSUs") under its long-term incentive program as part of recent recruiting activities. The RSUs granted under this program have a weighted average grant date fair value of \$99.15 per unit and are generally scheduled to vest on the third or fourth anniversary of the respective grant dates, generally subject to recipients' continued employment.

Stock-based compensation expense

Woodward recognizes stock-based compensation expense on a straight-line basis over the requisite service period. Pursuant to the form stock option agreements used by the Company, with terms approved by the administrator of the applicable plan, the requisite service period can be less than the four-year vesting period based on grantee's retirement eligibility. As such, the recognition of stock-based compensation expense associated with some stock option grants can be accelerated to a period of less than four years, including immediate recognition of stock-based compensation expense on the date of grant.

Stock-based compensation expense recognized was as follows:

	Year Ended September 30,		
	2022	2021	2020
Employee stock-based compensation expense	\$ 20,109	\$ 21,475	\$ 22,903

At September 30, 2022, there was approximately \$16,261 of total unrecognized compensation expense related to non-vested stock-based compensation arrangements, including both stock options and restricted stock awards. The pre-vesting forfeiture rates for purposes of determining stock-based compensation expense recognized were estimated to be 0% for members of Woodward's board of directors and 7.3% for all others. The remaining unrecognized compensation cost is expected to be recognized over a weighted-average period of approximately 1.8 years.

Note 22. Commitments and contingencies

Woodward enters into unconditional purchase obligation arrangements (i.e., issuance of purchase orders, obligations to transfer funds in the future for fixed or minimum quantities of goods or services at fixed or minimum prices, such as "take-or-pay" contracts) in the normal course of business to ensure that adequate levels of sourced product are available to Woodward. Future minimum unconditional purchase obligations are as follows:

<u>Year Ending September 30,</u>		
2023	\$	464,073
2024		29,887
2025		1,305
2026		2,156
2027		—
Thereafter		662
Total	\$	<u>498,083</u>

The U.S. Government, and other governments, may terminate any of Woodward's government contracts (and, in general, subcontracts) at their convenience, as well as for default based on specified performance measurements. If any of Woodward's government contracts were to be terminated for convenience, the Company generally would be entitled to receive payment for work completed and allowable termination or cancellation costs. If any of Woodward's government contracts were to be terminated for Woodward's default, the U.S. Government generally would pay only for the work accepted, and could require Woodward to pay the difference between the original contract price and the cost to re-procure the contract items, net of the work accepted from the original contract. The U.S. Government could also hold Woodward liable for damages resulting from the default.

Woodward is currently involved in claims, pending or threatened litigation or other legal proceedings, investigations and/or regulatory proceedings arising in the normal course of business, including, among others, those relating to product liability claims, employment matters, worker's compensation claims, contractual disputes, product warranty claims and alleged violations of various laws and regulations. Woodward accrues for known individual matters using estimates of the most likely amount of loss where it believes that it is probable the matter will result in a loss when ultimately resolved and such loss is reasonably estimable. Legal costs are expensed as incurred and are classified in "selling, general and administrative expenses" on the Consolidated Statements of Earnings.

Woodward is partially self-insured in the United States for healthcare and worker's compensation up to predetermined amounts, above which third party insurance applies. Management regularly reviews the probable outcome of related claims and proceedings, the expenses expected to be incurred, the availability and limits of the insurance coverage, and the established accruals for liabilities.

While the outcome of pending claims, legal and regulatory proceedings, and investigations cannot be predicted with certainty, management believes that any liabilities that may result from these claims, proceedings and investigations will not have a material effect on Woodward's liquidity, financial condition, or results of operations.

In the event of a change in control of Woodward, as defined in change-in-control agreements with its current corporate officers, Woodward may be required to pay termination benefits to any such officer if such officer's employment is terminated within two years following the change of control.

Note 23. Segment information

Woodward serves the aerospace and industrial markets through its two reportable segments - Aerospace and Industrial. When appropriate, Woodward's reportable segments are aggregations of Woodward's operating segments. Woodward uses operating segment information internally to manage its business, including the assessment of operating segment performance and decisions for the allocation of resources between operating segments.

The accounting policies of the reportable segments are the same as those of the Company. Woodward evaluates segment profit or loss based on internal performance measures for each segment in a given period. In connection with that assessment, Woodward generally excludes matters such as certain charges for restructuring, interest income and expense, certain gains and losses from asset dispositions, or other non-recurring and/or non-operationally related expenses.

A summary of consolidated net sales and earnings by segment follows:

	Year Ended September 30,		
	2022	2021	2020
Segment external net sales:			
Aerospace	\$ 1,510,322	\$ 1,404,117	\$ 1,590,063
Industrial	863,468	841,715	904,702
Total consolidated net sales	\$ 2,382,790	\$ 2,245,832	\$ 2,495,665
Segment earnings:			
Aerospace	\$ 230,933	\$ 234,366	\$ 310,137
Industrial	82,788	108,672	100,321
Nonsegment expenses	(81,092)	(64,442)	(94,530)
Interest Expense, net	(32,731)	(32,787)	(34,047)
Consolidated earnings before income taxes	\$ 199,898	\$ 245,799	\$ 281,981

Segment assets consist of accounts receivable, inventories, property, plant, and equipment, net, goodwill, and other intangibles, net. A summary of consolidated total assets, consolidated depreciation and amortization, and consolidated capital expenditures follows:

	Year Ended September 30,		
	2022	2021	2020
Segment assets:			
Aerospace	\$ 1,773,854	\$ 1,698,833	\$ 1,752,516
Industrial	1,380,446	1,453,423	1,529,411
Unallocated corporate property, plant and equipment, net	111,760	106,014	106,380
Other unallocated assets	540,386	832,734	515,029
Consolidated total assets	\$ 3,806,446	\$ 4,091,004	\$ 3,903,336
Segment depreciation and amortization:			
Aerospace	\$ 60,176	\$ 62,075	\$ 63,530
Industrial	50,584	56,885	57,444
Unallocated corporate amounts	9,868	10,564	10,184
Consolidated depreciation and amortization	\$ 120,628	\$ 129,524	\$ 131,158
Segment capital expenditures:			
Aerospace	\$ 23,253	\$ 17,303	\$ 26,148
Industrial	12,399	15,164	10,631
Unallocated corporate amounts	17,216	5,222	10,308
Consolidated capital expenditures	\$ 52,868	\$ 37,689	\$ 47,087

Sales to Raytheon Technologies were made by Woodward's Aerospace segment and totaled approximately 11% of net sales in fiscal year 2022, 9% of net sales in fiscal years 2021 and 2020. Sales to GE were made by both of Woodward's reportable segments and totaled approximately 11% of net sales in fiscal year 2022, 2021, and 2020.

Accounts receivable from Raytheon Technologies totaled approximately 6% of accounts receivable at September 30, 2022 and 5% of accounts receivable at September 30, 2021. Accounts receivable from GE totaled approximately 10% of accounts receivable at September 30, 2022 and September 30, 2021.

U.S. Government related sales from Woodward's reportable segments were as follows:

	Direct U.S. Government Sales	Indirect U.S. Government Sales	Total U.S. Government Related Sales
Fiscal year ended September 30, 2022			
Aerospace	\$ 93,266	\$ 433,646	\$ 526,912
Industrial	4,795	6,052	10,811
Total net external sales	<u>\$ 98,025</u>	<u>\$ 439,698</u>	<u>\$ 537,723</u>
Percentage of total net sales	<u>4%</u>	<u>19%</u>	<u>23%</u>
Fiscal year ended September 30, 2021			
Aerospace	\$ 116,833	\$ 526,118	\$ 642,950
Industrial	7,732	2,442	10,174
Total net external sales	<u>\$ 124,564</u>	<u>\$ 528,560</u>	<u>\$ 653,124</u>
Percentage of total net sales	<u>6%</u>	<u>23%</u>	<u>29%</u>
Fiscal year ended September 30, 2020			
Aerospace	\$ 149,416	\$ 536,424	\$ 685,840
Industrial	5,867	17,473	23,340
Total net external sales	<u>\$ 155,283</u>	<u>\$ 553,897</u>	<u>\$ 709,180</u>
Percentage of total net sales	<u>6%</u>	<u>22%</u>	<u>28%</u>

Item 9. Changes in and Disagreements with Accountants

There have been no disagreements or any reportable events requiring disclosure under Item 304(b) of Regulation S-K.

Item 9A. Controls and Procedures

We have established disclosure controls and procedures, which are designed to ensure that information required to be disclosed in reports filed or submitted under the Securities Exchange Act of 1934, as amended (the "Act") is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. These disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed in the reports that we file or submit under the Act is accumulated and communicated to management, including our Principal Executive Officer (Charles P. Blankenship, Jr., Chairman of the Board, Chief Executive Officer and President) and Principal Financial and Accounting Officer (Mark D. Hartman, Chief Financial Officer), as appropriate, to allow timely decisions regarding required disclosures.

Charles P. Blankenship, Jr. and Mark D. Hartman evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Form 10-K. Based on their evaluations, they concluded that our disclosure controls and procedures were effective as of September 30, 2022.

There have been no significant changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the period covered by this Annual Report on Form 10-K that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Annual Report on Internal Control Over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting for the Company. We have evaluated the effectiveness of internal control over financial reporting using the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and, based on that evaluation, have concluded that the Company's internal control over financial reporting was effective as of September 30, 2022, the end of the Company's most recent fiscal year.

Deloitte & Touche LLP (PCAOB ID No. 34), an independent registered public accounting firm, conducted an audit of Woodward's internal control over financial reporting as of September 30, 2022 as stated in their report included in "Item 8 - Financial Statements and Supplementary Data."

Internal control over financial reporting is a process designed by, or under the supervision of, our principal executive and principal financial officers, or persons performing similar functions, and effected by our Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with generally accepted accounting principles. Internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorization of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

There have been no changes in our internal control over financial reporting during the fourth fiscal quarter ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

On October 18, 2022, the Company announced a streamlined Aerospace and Industrial organizational structure and leadership designed to enhance the sales experience for customers, simplify operations, and increase profitability through improved execution. In connection with the organizational changes, Sagar A. Patel, who previously served as President, Engine Systems, departed the Company effective as of such date.

In connection with his departure, on November 14, 2022, Mr. Patel entered into a Separation Agreement and Release with the Company. Pursuant to such agreement, Mr. Patel will receive a lump sum cash severance of \$1,084,400, representing the sum of (i) Mr. Patel's base salary and target annual incentive bonus under the Company's short-term annual incentive plan (the "STI Plan") for fiscal year 2023 (\$884,400), and (ii) an amount intended to partially offset the estimated costs of a relocation by Mr. Patel from the Fort Collins, Colorado area (\$200,000), as Mr. Patel had recently relocated to Colorado in connection with his appointment to President, Engine Systems. At the time of Mr. Patel's departure from the Company, he was retirement eligible and therefore will receive retirement treatment under both the STI Plan and the Company's cash long-term incentive plan (the "Cash LTI Plan") with resulting payments, if any, based on the achievement of previously established targets under each such plan. With respect to the STI Plan, if any payout is to be made under the STI Plan for fiscal year 2023, Mr. Patel will receive a prorated payout equal to 4.93% of what Mr. Patel otherwise would have earned under the STI Plan had he remained employed for the entirety of fiscal year 2023, such proration representing Mr. Patel's number of completed days in fiscal year 2023. Mr. Patel will not be entitled to any additional payouts under the STI Plan following fiscal year 2023. With respect to the Cash LTI Plan, Mr. Patel will receive payouts (if any) for three open Cash LTI performance cycles, with such payouts prorated at 68.31% for the cycle ending 2023, 34.95% for the cycle ending 2024, and 1.64% for the cycle ending 2025. In addition, consistent with the Company's standard treatment of equity awards upon a retirement, all outstanding stock options and restricted stock units previously granted to Mr. Patel will continue to vest based on the original vesting schedule, and all of his vested, unexercised stock options will continue to be exercisable for their respective remaining ten-year terms. Additionally, the Company will provide Mr. Patel a one-time payment of \$50,000, approximating the pre-tax costs of (and in lieu of providing) continued healthcare benefits for a twelve-month period. The severance benefits are conditioned upon Mr. Patel not revoking, within a seven day revocation period, the Separation Agreement and Release, which includes twelve-month non-competition and non-solicitation provisions, a full release of claims against the Company, and a non-disparagement provision.

The above description of the Agreement is qualified in its entirety by the actual terms of the Agreement, which is filed as Exhibit 10.34 to this Report on Form 10-K.

Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item relating to our directors and nominees, regarding compliance with Section 16(a) of the Securities Act of 1934, and regarding our Audit Committee is included under the captions "Proposal 1: Election of Directors," "Board Meetings and Committees – Audit Committee" (including information with respect to audit committee financial experts), "Stock Ownership of Management," and, "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement related to the Annual Meeting of Stockholders to be held virtually on January 25, 2023 and is incorporated herein by reference. There have been no material changes to the procedures by which security holders may recommend nominees to our board of directors.

We have adopted a code of ethics that applies to all of our employees, including our principal executive officer and our principal financial and accounting officer. This code of ethics is posted on our Website. The Internet address for our Website is www.woodward.com, and the code of ethics may be found from our main Web page by clicking first on "Investors" and then on "Corporate Governance," and then on "Woodward Codes of Business Conduct and Ethics."

We intend to satisfy any disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of ethics by posting such information to our Website, at the address and location specified above.

Item 11. Executive Compensation

Information regarding executive compensation is under the captions "Board Meetings and Committees – Director Compensation," "Board Meetings and Committees – Compensation Committee – Compensation Committee Interlocks and Insider Participation," "Compensation Discussion and Analysis," "Compensation Committee Report," "Executive Compensation" and "Board Meetings and Committees – Compensation Committee – Risk Assessment" in our Proxy Statement, and is incorporated herein by reference, except the section captioned "Compensation Committee Report on Compensation Discussion and Analysis" is hereby "furnished" and not "filed" with this Form 10-K.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information regarding security ownership of certain beneficial owners and management and related stockholder matters is under the tables captioned "Stock Ownership of Management," "Persons Owning More Than Five Percent of Woodward Stock," and "Executive Compensation – Equity Compensation Plan Information" in our Proxy Statement, and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information set forth under "Related Person Transaction Policies and Procedures," "Proposal 1: Election of Directors" and "Audit Committee Report to Stockholders" in our Proxy Statement and is incorporated herein by reference except the section captioned "Audit Committee Report" is hereby "furnished" and not "filed" with this Form 10-K.

Item 14. Principal Accountant Fees and Services

Information regarding principal accountant fees and services is under the captions "Audit Committee Report to Stockholders – Audit Committee's Policy on Pre-Approval of Services Provided by Independent Registered Public Accounting Firm" and "Audit Committee Report to Stockholders – Fees Paid to Independent Registered Public Accounting Firm" in our Proxy Statement, and is incorporated herein by reference.

	Page Number in Form 10-K
(a) (1) Consolidated Financial Statements:	
Report of Independent Registered Public Accounting Firm	40
Consolidated Statements of Earnings for the fiscal years ended September 30, 2022, 2021, and 2020	43
Consolidated Statements of Comprehensive Earnings for the fiscal years ended September 30, 2022, 2021, and 2020	44
Consolidated Balance Sheets at September 30, 2022 and 2021	45
Consolidated Statements of Cash Flows for the fiscal years ended September 30, 2022, 2021, and 2020	46
Consolidated Statements of Stockholders' Equity for the fiscal years ended September 30, 2022, 2021, and 2020	47
Notes to Consolidated Financial Statements	48

Financial statements and schedules other than those listed above are omitted for the reason that they are not applicable, are not required, or the information is included in the financial statements or the footnotes.

(a) (2)	Exhibits Filed as Part of This Report.
† 2.1	Share Purchase Agreement relating to the sale and purchase of all shares in L'Oranee GmbH and Fluid Mechanics LLC dated April 8, 2018, filed as Exhibit 2.1 to Quarterly Report on Form 10-Q, filed on August 9, 2018
† 3.1	Restated Certificate of Incorporation, as amended October 3, 2007, filed as Exhibit 3(i)(a) to Annual Report on Form 10-K filed November 20, 2008
*† 3.2	Bylaws of Woodward, Inc., as amended and restated on January 11, 2020
† 3.3	Certificate of Amendment of Certificate of Incorporation, dated January 23, 2008, filed as Exhibit 3(i)(b) to Annual Report on Form 10-K filed November 20, 2008
† 3.4	Certificate of Amendment of the Restated Certificate of Incorporation, dated January 26, 2011, filed as Exhibit 3.1 to Current Report on Form 8-K filed January 28, 2011
† 3.5	Certificate of Designation of Rights, Preferences and Privileges of Series B Preferred Stock
†† 10.1	Long-Term Management Incentive Compensation Plan, filed as Exhibit 10(c) to Annual Report on Form 10-K filed December 22, 2000
†† 10.2	Summary Description of the Woodward Variable Incentive Plan, filed as Exhibit 10.2 to Annual Report on Form 10-K filed November 16, 2016
†† 10.3	2006 Omnibus Incentive Plan, effective January 25, 2006, filed as Exhibit 4.1 to Registration Statement on Form S-8 filed April 28, 2006
†† 10.4	Amendment No. 1 to the Woodward, Inc. 2006 Omnibus Incentive Plan, effective as of January 26, 2011, filed as Exhibit 10.10 to Annual Report on Form 10-K filed November 16, 2011
†† 10.5	Form of Non-Qualified Stock Option Agreement, filed as Exhibit 10.12 to Annual Report on Form 10-K filed November 15, 2012
†† 10.6	Form of Non-Qualified Stock Option Agreement, filed as Exhibit 10.13 to Annual Report on Form 10-K filed November 14, 2013

- †† 10.7 [2017 Omnibus Incentive Plan, effective September 14, 2016, filed as Exhibit 10.1 to Quarterly Report on Form 10-Q filed January 25, 2017](#)
- †† 10.8 [Form of Non-Qualified Stock Option Agreement, filed as Exhibit 10.2 to Quarterly Report on Form 10-Q filed January 25, 2017](#)
- † 10.9 [Amendment No. 1 to 2008 Note Purchase Agreement, dated as of October 1, 2013, by and among the Company and the noteholders named therein, filed as Exhibit 10.2 to Current Report on Form 8-K filed October 4, 2013](#)
- † 10.10 [Note Purchase Agreement, dated October 1, 2013, by and among the Company and the purchasers named therein, filed as Exhibit 10.1 to Current Report on Form 8-K filed October 4, 2013](#)
- † 10.11 [Note Purchase Agreement, dated September 23, 2016, by and among the Company and the purchasers named therein, filed as Exhibit 10.20 to Annual Report on Form 10-K filed November 15, 2016](#)
- † 10.12 [Note Purchase Agreement, dated September 23, 2016, by and among Woodward International Holding B.V. and the purchasers named therein, filed as Exhibit 10.21 to Annual Report on Form 10-K filed November 15, 2016](#)
- †† 10.13 [Form of Change in Control Agreement for the Company's principal executive officer and other executive officers, filed as Exhibit 10.25 to Annual Report on Form 10-K filed November 13, 2014](#)
- †† 10.14 [Executive Benefit Plan, as amended and restated as of September 18, 2013, filed as Exhibit 10.31 to Annual Report on Form 10-K filed November 14, 2013](#)
- †† 10.15 [Woodward Retirement Savings Plan, as amended and restated effective as of January 1, 2016, filed as Exhibit 10.1 to Quarterly Report on Form 10-Q filed February 9, 2016](#)
- † 10.16 [Thomas G. Cromwell employment offer letter, dated January 30, 2019, filed as exhibit 10.4 to Quarterly Report on Form 10-Q filed May 8, 2019](#)
- † 10.17 [Purchase and Sale Agreement between Woodward, Inc. and General Electric Company dated January 4, 2016 filed as Exhibit 2.1 to Current Report on Form 8-K filed January 8, 2016](#)
- † 10.18 [Amended and Restated Limited Liability Company Agreement of Convergence Fuel Systems, LLC, dated January 4, 2016 filed as Exhibit 10.1 to Current Report on Form 8-K filed January 8, 2016](#)
- † 10.19 [Frame Development and Purchase Agreement between MTU Friedrichshafen GmbH and L'Orange GmbH, filed as Exhibit 10.1 to Quarterly Report on Form 10-Q, filed August 8, 2018](#)
- † 10.20 [Note Purchase Agreement, dated May 31, 2018, by and among Woodward, Inc. and the purchasers named therein, filed as Exhibit 10.1 to Current Report on Form 8-K, filed June 4, 2018](#)
- † 10.21 [Amendment No. 1 to 2013 Note Purchase Agreement, dated as of May 31, 2018, by and among Woodward, Inc. and the noteholders named therein, filed as Exhibit 10.2 of the Company's Current Report on Form 8-K, filed June 4, 2018](#)
- † 10.22 [Amendment No. 1 to 2016 Series M Note Purchase Agreement, dated as of May 31, 2018, by and among Woodward, Inc. and the noteholders named therein filed as Exhibit 10.3 of the Company's Current Report on Form 8-K, filed June 4, 2018](#)
- † 10.23 [Amendment No. 1 to 2016 Series N and O Note Purchase Agreement, dated as of May 31, 2018, by and among Woodward International Holding B.V., Woodward, Inc. and the noteholders named therein, filed as Exhibit 10.4 of the Company's Current Report on Form 8-K, filed June 4, 2018](#)
- † 10.24 [Amended and Restated Credit Agreement dated November 24, 2019, by and among the Company, certain foreign subsidiaries, borrowers of the Company from time to time parties thereto, the institutions from time to time party thereto, as lenders, Wells Fargo Bank, National Association, as administrative agent, filed as Exhibit 10.1 on Form 10-Q, filed February 4, 2022](#)
- †† 10.25 [Form of Non-Qualified Stock Option Agreement filed as Exhibit 10.40 on Form 10-K, filed November 13, 2018](#)
- †† 10.26 [Outside Director Compensation Policy filed as Exhibit 10.27 on Form 10-K, filed November 19, 2021](#)

- *† 10.27 [Mark D. Hartman promotion offer letter, dated July 29, 2021, filed as Exhibit 10.28 on Form 10-K, filed November 19, 2021](#)
 - *† 10.28 [Amended and Restated Executive Severance and Change in Control Agreement filed as Exhibit 10.29 on Form 10-K, filed November 19, 2021](#)
 - † 10.29 [Form of Restricted Stock Unit Agreement, filed as Exhibit 10.39 on Form 10-K, filed November 13, 2018](#)
 - † 10.30 [Charles Blankenship Jr. employment offer letter, dated April 18th, 2022, filed as Exhibit 10.3 to Quarterly Report on Form 10-Q, filed on May 6, 2022](#)
 - * 10.31 [Second Amended and Restated Credit Agreement dated October 21, 2022, by and among the Company, certain foreign subsidiaries, borrowers of the Company, from time to time parties thereto, the institutions from time to time party thereto, as lenders, Wells Fargo Bank, National Association, as administrative agent](#)
 - *† 10.32 [Second Amended and Restated Executive Severance and Change in Control Agreement](#)
 - * 10.33 [Form Attraction and Retention RSU agreement, filed as exhibit 10.2 on Form 10-Q Filed on May 6, 2022](#)
 - *† 10.34 [Saige A. Patel Separation and Release Agreement, dated November 14, 2022](#)
 - * 21.1 [Subsidiaries](#)
 - * 23.1 [Consent of Independent Registered Public Accounting Firm](#)
 - * 31.1 [Rule 13a-14\(a\)/15d-14\(a\) certification of Chip P. Blankenship, Jr.](#)
 - * 31.2 [Rule 13a-14\(a\)/15d-14\(a\) certification of Mark D. Hartman](#)
 - * 32.1 [Section 1350 certifications](#)
 - * 101.INS Inline XBRL Instance Document.
 - * 101.SCH Inline XBRL Taxonomy Extension Schema Document
 - * 101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document
 - * 101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document
 - * 101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document
 - * 101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document
 - * 104 Cover Page Interactive Data File (formatted as Inline XBRL and Contained in Exhibit 101)
- Attached as Exhibit 101 to this report are the following materials from Woodward, Inc.'s Annual Report on Form 10-K for the year ended September 30, 2022 formatted in Inline XBRL (extensible Business Reporting Language): (i) the Consolidated Statements of Earnings; (ii) the Consolidated Statements of Comprehensive Earnings; (iii) the Consolidated Balance Sheets; (iv) the Consolidated Statements of Cash Flows; (v) the Consolidated Statements of Stockholders' Equity; and (vi) the Notes to the Consolidated Financial Statements.
- † Management contract or compensatory plan or arrangement.
 - ‡ Incorporated by reference as an exhibit to this Report (file number 000-08408, unless otherwise indicated).
 - * Filed as an exhibit to this Report.

Item 16. **Form 10-K Summary.**
Not applicable.

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.

Date: November 18, 2022	<u>WOODWARD, INC.</u> <u>/s/ Charles P. Blankenship, Jr.</u> Charles P. Blankenship, Jr. Chairman of the Board, Chief Executive Officer, and President (Principal Executive Officer)
Date: November 18, 2022	<u>/s/ Mark D. Hartman</u> Mark D. Hartman Chief Financial Officer (Principal Financial and Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Rajeev Bhalla</u> Rajeev Bhalla	Director	November 18, 2022
<u>/s/ John D. Cohn</u> John D. Cohn	Director	November 18, 2022
<u>/s/ Paul Donovan</u> Paul Donovan	Director	November 18, 2022
<u>/s/ Eileen P. Drake</u> Eileen P. Drake	Director	November 18, 2022
<u>/s/ David Hess</u> David Hess	Director	November 18, 2022
<u>/s/ Charles P. Blankenship, Jr.</u> Charles P. Blankenship, Jr.	Chairman of the Board and Director	November 18, 2022
<u>/s/ Daniel G. Korte</u> Daniel G. Korte	Director	November 18, 2022
<u>/s/ Mary L. Petrovich</u> Mary L. Petrovich	Director	November 18, 2022
<u>/s/ Ronald M. Segal</u> Ronald M. Segal	Director	November 18, 2022
<u>/s/ Gregg C. Sengstack</u> Gregg C. Sengstack	Director	November 18, 2022

AMENDED AND RESTATED ON JANUARY 11, 2020

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BYLAWS
OF
WOODWARD, INC
Amended and Restated on January 11, 2020

ARTICLE I
OFFICES

Section 1.1 Registered Office

The registered office of Woodward, Inc. (the "Corporation") is in the City of Wilmington, County of New Castle, State of Delaware.

Section 1.2 Other Offices

The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 2.1 Place of Meetings

Meetings of the stockholders of the Corporation must be held at such places, either within or without the State of Delaware, as are designated from time to time by the Board of Directors and stated in the notice of the meeting or in a duly executed waiver of notice thereof. The Board of Directors may, in its sole discretion, determine that the meeting will not be held at any place, but may instead be held solely by means of remote communication as provided under the Delaware General Corporation Law (the "DGCL"). If a meeting of stockholders by remote communication is authorized by the Board of Directors, stockholders and proxy holders not physically present but attending by remote communication will be deemed present in person, subject to compliance with such guidelines and procedures as the Board of Directors may adopt.

Section 2.2 Annual Meetings

Annual meetings of stockholders for the election of directors must be held on such dates and at such times as are designated from time to time by the Board of Directors and stated in the notice of the meeting. At each annual meeting, the stockholders may vote for election, in accordance with Section 3.1 of these Bylaws, of those directors belonging to the class or classes of directors to be elected at such meeting, and may transact such other business as may properly be brought before the meeting.

Section 2.3 Special Meetings

Except as otherwise provided by law or by the Certificate of Incorporation, special meetings of stockholders must be called by the Secretary at the request (i) of the Board of Directors pursuant to a resolution adopted by a majority of the total number of authorized directors (whether or not

there exist any vacancies in previously authorized directorships at the time any such resolution is presented to the Board of Directors for adoption), (ii) in writing, of the Chairman of the Board, if there be one, or (iii) in writing, of holders of at least two-thirds of the total voting power of all outstanding shares of Common Stock of the Corporation, and may not be called absent such a request. Such request must state the purpose or purposes of the proposed meeting and, in the case of a request by holders of outstanding shares, must be delivered personally or sent by certified or registered mail, return receipt requested, to the Secretary of the Corporation. Business transacted at all special meetings of stockholders must be confined to the matters set forth in the notice. The Board of Directors must determine the date, time and place of any special meeting, which must, in the case of Section 2.3(i) or (ii), be held not less than thirty (30) nor more than one hundred twenty (120) days after the date of the receipt of the request. Upon determination of the date, time and place of the meeting, the officer receiving the request must cause notice to be given to the stockholders entitled to vote, in accordance with the provisions of Section 2.4 below. Nothing contained in this Section 2.3 is to be construed as limiting, fixing or affecting the time when a meeting of stockholders called by action of the Board of Directors may be held.

Section 2.4 Notice of Meetings

Except as otherwise provided by law, written notice of all meetings must be given stating the date, time and place of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called. Except as otherwise provided by the DGCL, the written notice of any meeting must be given to each stockholder entitled to vote at that meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting.

Section 2.5 Quorum

Except as otherwise provided by law, by the Certificate of Incorporation or by these Bylaws, a majority of the shares entitled to vote, present in person or represented by proxy, constitutes a quorum at all meetings of the stockholders. Withdrawal of any stockholders present or represented by proxy at any meeting of stockholders will not cause failure of a duly constituted quorum at that meeting. Shares of the Corporation's own stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly, by the Corporation, are neither entitled to vote nor may they be counted for quorum purposes; provided, however, that the foregoing does not limit the right of any corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity. The Chairman of the meeting or the stockholders present in person or represented by proxy, by vote of a majority of the shares represented, may adjourn the meeting despite the absence of a quorum.

Section 2.6 Adjournments

Any meeting of stockholders, whether annual or special, may be adjourned from time to time either by the Chairman of the meeting or by the vote of a majority of the shares present in person or represented by proxy at the meeting. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and the place thereof, and the

means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting must be given to each stockholder of record entitled to vote at the meeting.

Section 2.7 Voting

(a) Record Name. Except as otherwise provided by law, only persons in whose names shares entitled to vote stand on the stock records of the Corporation on the record date for determining the stockholders entitled to vote at a meeting will be entitled to vote at such meeting.

(b) Votes Per Share; Cumulative Voting. Unless otherwise provided by law or by the Certificate of Incorporation, each stockholder entitled to vote at any meeting of stockholders is entitled to one (1) vote for each share of stock held by such stockholder which has voting power upon the matter in question. In the election of directors, and for any other action, voting need not be by written ballot unless the holders of a majority of the outstanding shares of all classes of stock entitled to vote thereon present in person or by proxy at such meeting or the Chairman of the meeting so determine. In accordance with the Certificate of Incorporation, the holders of Common Stock of the Corporation are entitled to cumulative voting rights in the election of directors, which means that in each election of directors each holder of Common Stock is entitled to cast as many votes as the number of shares of Common Stock held by such holder multiplied by the number of directors to be elected and may cast all such votes for the election of one nominee or distribute such votes among two (2) or more nominees as such holder chooses.

(c) Vote Required – Election of Directors.

(i) Majority/Plurality. Except as otherwise provided by these Bylaws, a nominee for director must be elected by a majority of the votes cast in person or by proxy with respect to such nominee's election at any meeting of the stockholders that includes the election of directors at which a quorum is present. For purposes of this Section 2.7(c), a majority of the votes cast means that the number of votes cast "for" a nominee's election exceeds the number of votes cast "against" that nominee's election. Notwithstanding the foregoing, a nominee for director will be elected by a plurality of the votes cast in person or by proxy at any meeting of the stockholders that includes the election of directors at which a quorum is present if, as of the tenth (10th) day preceding the date the Corporation first mails its notice of meeting for such meeting to the stockholders of the Corporation, the number of nominees exceeds the number of directors to be elected (a "**Contested Election**"), provided that with respect to any nominee proposed or nominated by a stockholder, the Secretary of the Corporation must have received proper notice under Section 2.11 of these Bylaws. For purposes of this Section 2.7(c), if plurality voting is applicable to the election of directors at any meeting, the nominees who receive the highest number of votes cast "for," without regard to votes cast

"against" or "withhold," will be elected as directors up to the total number of directors to be elected at that meeting. Abstentions and broker non-votes will not count as a vote cast with respect to any election of directors.

(ii) Resignations. In order for any incumbent director to become a nominee of the Board of Directors for further service on the Board of Directors, such person must submit an irrevocable resignation, contingent on (i) that person not receiving a majority of the votes cast in an election that is not a Contested Election, and (ii) acceptance of that resignation by the Board of Directors in accordance with policies and procedures adopted by the Board of Directors for such purpose. If an incumbent director fails to receive a majority of votes cast in an election that is not a Contested Election, the Nominating and Governance Committee will, within sixty (60) days after the date of certification of the election results, recommend to the Board of Directors whether to accept or reject the resignation of such incumbent director, or whether other action should be taken. The Board of Directors will act on the resignation, taking into account the Nominating and Governance Committee's recommendation, and within ninety (90) days after the date of certification of the election results, the Board of Directors will disclose its decision and rationale regarding whether to accept the resignation (or the reasons for rejecting the resignation, if applicable) in a press release, filing with the Securities and Exchange Commission or by other public announcement. Notwithstanding the foregoing, in the event (a) the Nominating and Governance Committee fails to make a recommendation within sixty (60) days after the date of certification of the election results, or (b) a majority of the members of the Nominating and Governance Committee are nominees for director who did not receive a majority of the votes cast in an election that is not a Contested Election, the Board of Directors will make the determination to accept or reject the resignations without any recommendation from the Nominating and Governance Committee. The Nominating and Governance Committee and the Board of Directors may consider any factors and other information they deem appropriate and relevant in deciding whether to accept a director's resignation.

(iii) Following Board Determination. If an incumbent director fails to receive the required vote for re-election in an election that is not a Contested Election and such director's resignation is not accepted by the Board of Directors, such director will continue to serve until the expiration date of such director's term in office or until such director's earlier death, resignation, retirement, disqualification or removal from office. If such director's resignation is accepted by the Board of Directors, or if a nominee for director is not elected and the nominee is not an incumbent director, then the Board of Directors may fill any resulting vacancy pursuant to Section 3.3 of these Bylaws or may decrease the size of the Board of Directors pursuant to Section 3.1 of these Bylaws.

(d) Vote Required – Other. The affirmative vote of the holders of two-thirds of the outstanding shares of Common Stock of the Corporation is required (i) for the adoption of any amendment, alteration, change or repeal of any provision of the Certificate of Incorporation, (ii) for the adoption of any agreement for the merger or consolidation of the Corporation with or into any other corporation, (iii) to authorize any sale, lease or exchange of all or substantially all of the assets of the Corporation, (iv) to authorize the dissolution of the Corporation, (v) to remove a director for cause, or (vi) for the stockholders of the Corporation to adopt, amend or

repeal these Bylaws. Such affirmative vote is required notwithstanding the fact that no vote may be required, or that some lesser percentage may be specified, by law or in any agreement to which the Corporation is a party. All other elections and questions must, unless otherwise provided by law, the Certificate of Incorporation or these Bylaws, be decided by the vote of the holders of a majority of the outstanding shares of stock entitled to vote thereon present in person or by proxy at the meeting.

Section 2.8 Proxies

Each stockholder entitled to vote at a meeting of stockholders may authorize another person or persons to act for such stockholder by proxy, which proxy must be filed with the Secretary of the Corporation at or before the meeting at which it is to be used, but no such proxy may be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished by the stockholder or such stockholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means including, but not limited to, by facsimile signature. A stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. If it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the inspectors, or if there are no inspectors, such other persons making that determination must specify the information upon which they relied. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to Section 212(c) of the DGCL may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction must be a complete reproduction of the entire original writing or transmission. A duly executed proxy is irrevocable if it states that it is irrevocable and if, and only so long as, it is coupled with an interest sufficient in law to support an irrevocable power. A stockholder may revoke any proxy, which is not irrevocable, by attending the meeting and voting in person or by filing with the Secretary an instrument in writing revoking the proxy or another duly executed proxy bearing a later date.

Section 2.9 List of Stockholders Entitled to Vote

The officer who has charge of the stock ledger must prepare and make, or cause to be prepared and made, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Nothing in this section requires the Corporation to include electronic mail addresses or other electronic contact information on that list. The list must be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten (10) days prior to

the meeting: (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting; or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, the list must also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder of the Corporation who is present. If the meeting is to be held solely by means of remote communication, the list must also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list must be provided with the notice of the meeting.

Section 2.10 Stock Ledger

The stock ledger of the Corporation is the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders required by Section 2.9 or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

Section 2.11 Notice of Stockholder Nominations and Other Business

(a) Proper Business; Nominations. No business may be transacted at an annual meeting of stockholders, other than business that is: (i) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors (or any duly authorized committee thereof); (ii) otherwise properly brought before the annual meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof); or (iii) otherwise properly brought before the annual meeting by any stockholder. In addition to any other applicable requirements, for nominations or other business to be properly brought before an annual meeting by a stockholder: (i) such stockholder must be a stockholder of record on the date of the giving of the notice provided for in this Section 2.11 and on the record date for the determination of stockholders entitled to vote at such annual meeting; (ii) such stockholder must provide timely notice in writing to the Corporation's Secretary pursuant to the procedures set forth in this Section 2.11; (iii) such other business must be a proper matter for stockholder action under the DGCL; (iv) if the stockholder, or the beneficial owner on whose behalf any such nomination or proposal is made, provides the Corporation with a Solicitation Notice (as defined in this Section 2.11), such stockholder or beneficial owner must in the case of a proposal, have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares required under applicable law to carry any such proposal, or, in the case of a nomination or nominations, have delivered a proxy statement and form of proxy to holders of a percentage of the Corporation's voting shares reasonably believed by such stockholder or beneficial owner to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder, and must, in either case, have included in those materials the Solicitation Notice; and (v) if no Solicitation Notice relating thereto has been timely provided pursuant to this Section 2.11, the stockholder or beneficial owner proposing such business or

nomination must not have solicited a number of proxies sufficient to have required the delivery of such a Solicitation Notice.

(b) **Timeliness.** To be timely, a stockholder's notice to the Secretary (other than a request for inclusion of a proposal in the Corporation's proxy statement pursuant to Rule 14a-8 of the Securities Exchange Act of 1934 (the "Exchange Act")) must be delivered to, or mailed and received at, the Corporation's principal executive offices (addressed to the attention of the Secretary) not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of stockholders. Provided, however, that in the event that the annual meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be delivered to, or mailed and received at, the Corporation's principal executive offices not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure of the date of the annual meeting was made, whichever first occurs, or no less than ninety (90) days nor more than one hundred twenty (120) days prior to the annual meeting. In the event that the number of a class of directors to be elected is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least one hundred (100) days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 2.11 will also be considered timely, but only with respect to nominees for any new positions created by such increase, if the notice is delivered to, or mailed and received at, the Corporation's principal executive offices (addressed to the attention of the Secretary) not later than ten (10) days following the day on which the Corporation makes such public announcement.

(c) **Information Required.** The stockholder's notice pursuant to this Section 2.11 must include all of the following: (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director, (A) all of the information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest or that is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act; (B) the class or series and number of shares of capital stock of the Corporation that are owned beneficially or of record by such nominated person and any affiliates or associates of such nominated person; (C) the name of each nominee holder of any shares of capital stock of the Corporation owned beneficially but not of record by such nominated person or any affiliates or associates of such nominated person, and the number of such shares of capital stock held by each such nominee holder; (D) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest, or other transaction has been entered into by or on behalf of such nominated person, or any affiliates or associates of such nominated person, with respect to the capital stock of the Corporation; (E) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of capital stock of the Corporation) has been made by or on behalf of such nominated person, or any affiliates or associates of such nominated person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such nominated person, or any affiliates or associates of such nominated person, or to increase or decrease the voting power or pecuniary or economic interest of such nominated person, or any affiliates or associates of such nominated person, with respect to the capital stock of the Corporation; (F) a description of all agreements, arrangements or

understandings between such nominated person, or any affiliates or associates of such nominated person, and any other person or persons (including their names) in connection with such nominated person's candidacy or service as a director of the Corporation; and (G) the written consent of such nominated person to being named in the proxy statement as a nominee and to serving as a director if elected; (H) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; (I) the name and record address of such stockholder and such beneficial owner; (J) the class or series and number of shares of capital stock of the Corporation that are owned beneficially or of record by such stockholder and such beneficial owner; (K) the name of each nominee holder of shares of capital stock of the Corporation owned beneficially but not of record by such stockholder and such beneficial owner, or any affiliates or associates of the foregoing persons, and the number of shares of capital stock of the Corporation held by each such nominee holder; (L) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such stockholder or such beneficial owner, or any affiliates or associates of the foregoing persons, with respect to the capital stock of the Corporation; (M) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of capital stock of the Corporation) has been made by or on behalf of such stockholder or such beneficial owner, or any affiliates or associates of the foregoing persons, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such stockholder or such beneficial owner, or any affiliates or associates of the foregoing persons, or to increase or decrease the voting power or pecuniary or economic interest of such stockholder or such beneficial owner, or any affiliates or associates of the foregoing persons, with respect to the capital stock of the Corporation; (N) a description of all agreements, arrangements or understandings between such stockholder or such beneficial owner, or any affiliates or associates of the foregoing persons, and any other person or persons (including their names) in connection with the nomination or proposal of such business by such stockholder; (O) any material interest of such stockholder or such beneficial owner, or any affiliates or associates of the foregoing persons, in such nomination or proposal of business, including any anticipated benefit therefrom to such stockholder or such beneficial owner, or any affiliates or associates of the foregoing persons; (P) whether such stockholder intends to appear in person or by proxy at the annual meeting to bring such business before the meeting; and (Q) whether such stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of, in the case of a proposal, at least the percentage of the Corporation's voting shares required under applicable law to carry the proposal or, in the case of a nomination or nominations, a sufficient number of holders of the Corporation's voting shares to elect such nominee or nominees (an affirmative statement of such intent, a "Solicitation Notice"). A stockholder providing notice of any nomination or proposal of business in accordance with this Section 2.11 shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 2.11 is true and correct as of the record date for determining the stockholders entitled to receive notice of the annual meeting, and such update and supplement shall be delivered to, or mailed and received at, the Corporation's principal executive offices (addressed

to the attention of the Secretary) not later than five (5) business days after the record date for determining the stockholders entitled to receive notice of the annual meeting.

(d) Inclusion in Company Proxy Statement. Notwithstanding the foregoing provisions of this Section 2.11, in order to include information with respect to a stockholder proposal in the Corporation's proxy statement and form of proxy for a stockholder's meeting, a stockholder must provide notice as required by the regulations promulgated under the Exchange Act. Nothing in these Bylaws is deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 of the Exchange Act or any successor rule.

(e) Special Meeting Nominations. At any special meeting of the stockholders, only such business may be conducted as is brought before the meeting pursuant to the Corporation's notice of meeting. In the event that a special meeting of the stockholders is called for the purpose of electing one or more directors, nominations of a person or persons for election may be made (i) by or at the direction of the Board of Directors or (ii) by a stockholder who complies with the procedures in this Section 2.11 if such stockholder is a stockholder of record on the date of the giving of the notice provided for in this Section 2.11 and on the record date for the determination of stockholders entitled to vote at such special meeting and such stockholder provides timely notice in writing to the Corporation's Secretary (including all of the information required by paragraph (c) of this Section 2.11) not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the special meeting was mailed or such public disclosure of the date of the special meeting was made, whichever first occurs, or no less than ninety (90) days nor more than one hundred twenty (120) days prior to the special meeting.

(f) Determination of Proper Business. Only such persons who are nominated in accordance with the procedures set forth in this Section 2.11 will be eligible to serve as directors and only such business may be conducted at a meeting of stockholders as is brought before the meeting in accordance with the procedures set forth in this Section 2.11; provided, however, that once business has been properly brought before a meeting in accordance with such procedures, nothing in this Section 2.11 will be deemed to preclude discussion by any stockholder of any such business (subject to any rules for the orderly conduct of the meeting as may be adopted by the Chairman of the meeting or the Board of Directors). The Chairman of the meeting and the Board of Directors each has the power to determine whether a nomination or any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 2.11 and, if any proposed nomination or business is not in compliance with this Section 2.11, to declare that such defective proposal be disregarded and not presented for stockholder action.

(g) No New Time Period. In no event will the public announcement of an adjournment or postponement of an annual or special meeting commence a new time period for the giving of a stockholder's notice.

(h) Public Announcement. For the purposes of this Section 2.11, a "public announcement" includes disclosure in a press release issued to a national news service, in a document publicly filed by the Corporation with, or furnished on Form 8-K to, the Securities and

Exchange Commission pursuant to the Exchange Act, or other method deemed to be a public announcement under the rules and regulations of the Securities and Exchange Commission.

(i) Delivery. For purposes of this Section 2.11, delivery of a proxy statement or delivery of a form of a proxy includes sending a Notice of Internet Availability of Proxy Materials in accordance with Rules 14a-16 under the Exchange Act.

Section 2.12 Inspectors of Election

Before any meeting of stockholders, the Board of Directors must appoint one or more inspectors to act at the meeting and make a written report of the meeting. The Board of Directors may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the Chairman of the meeting shall appoint one or more inspectors. No nominee for the office of director may be appointed inspector. Each inspector, before entering upon the discharge of the duties of inspector, must take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The duties of these inspectors are as follows:

- (i) Ascertain the number of shares outstanding and the voting power of each;
- (ii) Determine the shares represented at a meeting and the validity of proxies and ballots;
- (iii) Count all votes and ballots;
- (iv) Determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors; and
- (v) Certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots.

The inspector(s) may appoint or retain other persons or entities to assist the inspectors in the performance of the duties of the inspectors.

Section 2.13 Action without Meeting

In accordance with the Certificate of Incorporation, no action may be taken by the stockholders except at an annual or special meeting of stockholders called in accordance with these Bylaws, and no action may be taken by the stockholders by written consent.

Section 2.14 Organization

(a) Chair and Secretary of Meeting. Except as otherwise determined by the Board of Directors, at every meeting of stockholders, the Chairman of the Board of Directors, or, if a Chairman has not been appointed or is absent, the Chief Executive Officer, or, if the Chief Executive Officer is absent, the President, or, if the President is absent, a Chairman of the meeting chosen by a majority of shares present in person or represented by proxy at the meeting

and entitled to vote, acts as Chairman. The Secretary, or, if the Secretary is absent, an Assistant Secretary or other person directed to do so by the Chairman of the meeting, acts as secretary of the meeting.

(b) **Stockholder Meeting Rules.** The Board of Directors of the Corporation is entitled to make such rules or regulations for the conduct of meetings of stockholders as it deems necessary, appropriate or convenient. Subject to such rules and regulations of the Board of Directors, if any, the Chairman of the meeting has the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such Chairman, are necessary, appropriate or convenient for the proper conduct of the meeting, including, without limitation, establishing an agenda or order of business for the meeting, rules and procedures for maintaining order at the meeting and the safety of those present, limitations on participation in such meeting to stockholders of record of the Corporation and their duly authorized and constituted proxies and such other persons as the Chairman may permit, restrictions on entry to the meeting after the time fixed for the commencement thereof, limitations on the time allotted to questions or comments by participants and regulation of the opening and closing of the polls for balloting on matters which are to be voted on by ballot. The date and time of the opening and closing of the polls for each matter upon which the stockholders will vote at the meeting must be announced at the meeting. Unless and to the extent determined by the Board of Directors or the Chairman of the meeting, meetings of stockholders are not required to be held in accordance with rules of parliamentary procedure.

ARTICLE III
DIRECTORS

Section 3.1 Number and Term of Office

The Board of Directors is divided into three (3) classes, designated Class I, Class II and Class III. Each class must be as nearly equal in number as possible. The number of directors which constitutes the whole Board of Directors must not be less than six (6), the exact number of directors and the exact number of directors in each class to be determined from time to time by resolution of the Board of Directors. At each annual meeting, successors to the class of directors whose term expired at that annual meeting are elected for a three-year term. If the number of directors has changed, any increase or decrease must be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, and any additional director of any class elected to fill a vacancy resulting from an increase in such class holds office for a term that coincides with the remaining term of that class, but in no case will a decrease in the number of directors shorten the term of any incumbent director. A director holds office until the annual meeting of stockholders for the year in which his or her term expires and until his or her successor is elected and qualified, subject, however, to prior death, resignation, retirement, disqualification or removal from office. Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock issued by the Corporation, if any, have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships is governed by the terms of the Certificate of Incorporation applicable thereto, and such directors so elected will not be divided into classes pursuant to this Section 3.1 unless expressly provided by such terms.

Section 3.2 Nominations

Nominations of persons for election to the Board of Directors may be made at any annual meeting of stockholders, or at any special meeting of stockholders called for the purpose of electing directors: (a) by or at the direction of the Board of Directors or (b) by any stockholder of the Corporation who: (i) is a stockholder of record on the date of the giving of the notice provided for in Section 2.11 and on the record date for the determination of stockholders entitled to vote at such meeting; and (ii) timely complies with all of the procedures set forth in Section 2.11. No person is eligible for election as a director unless nominated as set forth in this Section 3.2. If either the Chairman of the meeting or the Board of Directors determines that a nomination was not made as set forth in this Section 3.2, the Chairman must declare to the meeting that the nomination was defective and that such defective nomination must be disregarded.

Section 3.3 Vacancies

Vacancies in the Board of Directors and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, although less than a quorum, or by the sole remaining director. Any director elected to fill a vacancy holds office for the remaining term of the class in which the vacancy occurs or is created.

Section 3.4 Removal

Any director or the entire Board of Directors may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of two-thirds of the outstanding shares of Common Stock of the Corporation.

Section 3.5 Resignation

Any director may resign at any time by delivering his or her notice in writing or by electronic transmission to the Secretary, such resignation to specify whether it will be effective at a particular time, upon receipt by the Secretary or at the pleasure of the Board of Directors. If no such specification is made, it is deemed effective at the pleasure of the Board of Directors. A resignation that is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable. When one or more directors resigns from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, may fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations become effective.

Section 3.6 Duties and Powers

The business and affairs of the Corporation are managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

Section 3.7 Meetings

The Board of Directors may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors may be held without call or notice at such time and at such place as may from time to time be determined by the Board of Directors. Special meetings of the Board of Directors may be called by the Chairman or any two directors. Notice thereof stating the place, date and hour of the meeting must be given to each director either by mail not less than forty-eight (48) hours before the date of the meeting, by telephone (including a voice messaging or other system or technology designed to record and communicate messages), electronic mail or other electronic means, facsimile or telegram on twenty-four (24) hours' notice.

Section 3.8 Quorum

Except as may be otherwise specifically provided by law, the Certificate of Incorporation or these Bylaws, at all meetings of the Board of Directors a majority of the exact number of directors fixed from time to time by the Board of Directors in accordance with the Certificate of Incorporation and these Bylaws constitutes a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum is the act of the Board of Directors. If a quorum is not present at any meeting of the Board of Directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

Section 3.9 Actions without Meeting

Unless otherwise provided by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or electronic transmissions are filed with the minutes of proceedings of the Board of Directors or such committee thereof. Such filing must be in paper form if the minutes are maintained in paper form and must be in electronic form if the minutes are maintained in electronic form.

Section 3.10 Meetings by Electronic Communications Equipment

Unless otherwise provided by the Certificate of Incorporation or these Bylaws, members of the Board of Directors, or any committee designated by the Board of Directors, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 3.10 constitutes presence in person at such meeting.

Section 3.11 Conduct of Meetings

The Chairman of the Board of Directors or in his or her absence a chairman chosen by a majority at the meeting presides at meetings of the Board of Directors. The Secretary acts as secretary of

the meeting, but in his or her absence, the Chairman of the meeting may appoint any person to act as secretary of the meeting.

Section 3.12 Remuneration

The directors may be paid such remuneration, if any, as the Board of Directors may from time to time determine. Any remuneration so payable to a director who is also an officer or employee of the Corporation or who is counsel or solicitor to the Corporation or otherwise serves it in a professional capacity must, unless the Board of Directors otherwise determines, be in addition to such director's salary as such officer or employee or to his or her professional fees, as the case may be. In addition, the Board of Directors may by resolution from time to time award special remuneration out of the funds of the Corporation to any director who performs any special work or service for, or undertakes any special mission on behalf of, the Corporation outside of the work or service ordinarily required of a director of the Corporation. The directors may also be paid such sums in respect of their out-of-pocket expenses incurred in attending meetings of the Board of Directors or otherwise in respect of the performance by them of their duties as the Board of Directors may from time to time determine. Confirmation by the stockholders of any such remuneration or payment is not required.

Section 3.13 Interested Directors

No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers, or have a financial interest, is void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because his or her vote is counted for such purpose if: (a) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum, or (b) the material facts as to his or her relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (c) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee, which authorizes the contract or transaction.

Section 3.14 Committees

(a) Executive Committee. The Board of Directors may appoint an Executive Committee to consist of one or more of the directors of the Corporation. The Executive Committee, to the extent permitted by law, these Bylaws, the Executive Committee Charter or other resolutions of the Board of Directors will have and may exercise, when the Board of Directors is not in session, all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, including, without limitation, the

power to declare a dividend or to authorize the issuance of stock, and may authorize the seal of the Corporation to be affixed to all papers which may require it, but such committee will not have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the Corporation.

(b) Other Committees. The Board of Directors may, from time to time, appoint such other committees as may be permitted by law. Such other committees appointed by the Board of Directors must consist of one or more of the directors of the Corporation and will have such powers and perform such duties as may be prescribed by the resolution or resolutions creating such committees, but in no event will any such committee have the powers denied to the Executive Committee in these Bylaws.

(c) Term. The Board of Directors may at any time increase or decrease the number of members of a committee or terminate the existence of a committee. The membership of a committee member will terminate on the date of his or her death or voluntary resignation from the committee or from the Board of Directors. The Board of Directors may at any time for any reason remove any individual committee member and the Board of Directors may fill any committee vacancy created by death, resignation, removal or increase in the number of members of the committee. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee.

(d) Meetings. Unless the Board of Directors otherwise provides, each committee designated by the Board may make, alter and repeal rules of the conduct of its business. In the absence of such rules, each committee must conduct its business in the same manner as the Board of Directors conducts its business pursuant to these Bylaws.

ARTICLE IV
OFFICERS

Section 4.1 General

(a) Board Elected Officers. The officers of the Corporation elected by the Board of Directors are a Chief Executive Officer, a President, a Chief Financial Officer, a Secretary, one (1) or more Vice Presidents and such other officers as the Board of Directors may deem expedient, and those officers are to be elected in such manner and hold their offices for such terms as the Board of Directors may prescribe. The Board of Directors may elect the Chairman of the Board of Directors as an officer of the Corporation, provided that the Chairman will not be regarded as an officer of the Corporation unless the Board of Directors so determines at the time of election in accordance with these Bylaws. The same person may hold any number of offices, unless otherwise prohibited by law, the Certificate of Incorporation or these Bylaws. The officers of the Corporation need not be stockholders of the Corporation nor, except in the case of the Chairman of the Board, need such officers be directors of the Corporation. The Board of Directors may from time to time, in its discretion, assign titles, powers, duties and reporting

arrangements for any elected officer. The salaries and other compensation of the officers of the Corporation may be fixed by or in the manner designated by the Board of Directors.

(b) Other Officers. In addition to the officers elected by the Board of Directors in accordance with Section 4.1(a), the Corporation may have one or more appointed Vice Presidents, Assistant Secretaries or other officers, who will also be officers of the Corporation (each an "Appointed Officer"). Appointed Officers are appointed by the Chief Executive Officer. The Chief Executive Officer may from time to time, in his or her discretion, assign titles, powers, duties, scope of job responsibilities and reporting arrangements for any Appointed Officer, consistent with Section 4.2 below.

Section 4.2 Tenure and Duties of Officers

(a) Tenure. All officers hold office at the pleasure of the Board of Directors and until their successors are duly elected and qualified, unless sooner removed. Any officer elected by the Board of Directors may be removed at any time by the Board of Directors. If the office of any elected officer becomes vacant for any reason, the vacancy may be left vacant or be filled by the Board of Directors. Any Appointed Officer may be removed at any time by the Board of Directors or the Chief Executive Officer. If the office of any Appointed Officer becomes vacant for any reason, the vacancy may be left vacant or be filled by the Chief Executive Officer. Nothing in these Bylaws is to be construed as creating any kind of contractual right to employment with the Corporation.

(b) Duties. The officer(s) bearing the titles set forth below will have the powers and duties set forth below unless otherwise determined by the Board of Directors.

(i) Chairman of the Board of Directors. The Chairman of the Board of Directors presides at all meetings of the stockholders and the Board of Directors, unless the Board of Directors determines otherwise. The Chairman of the Board of Directors must perform such other duties and will have such other powers as the Board of Directors designates from time to time.

(ii) Chief Executive Officer. The Chief Executive Officer has, subject to the oversight of the Board of Directors, general supervision, direction and control of the business and the officers, employees and agents of the Corporation. In the absence of the Chairman of the Board, the Chief Executive Officer, if such officer is a director, presides at all meetings of the Board of Directors, unless the Board of Directors determines otherwise. The Chief Executive Officer must perform such other duties and will have such other powers as the Board of Directors designates from time to time.

(iii) President. Subject to the oversight of the Board of Directors and the supervision, control and authority of the Chief Executive Officer, the President has general supervision, direction and control of the business and the officers, employees and agents of the Corporation. The President must perform such other duties and will have such other powers as the Board of Directors designates from time to time.

(iv) Vice Presidents. The Vice Presidents (however designated and whether elected by the Board of Directors or appointed by the Chief Executive Officer)

have the powers and must perform the duties that pertain to, or relate to, such Vice President's designated job or business function and will have such other powers and must perform such other duties as the Board of Directors or the Chief Executive Officer designates from time to time.

(v) Secretary. The Secretary must keep, or cause to be kept, a book of minutes of all meetings of directors, committees of directors and stockholders. The Secretary must give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors, and must perform such other duties and will have such other powers as the Board of Directors designates from time to time. If the Secretary is unable, or refuses, to cause to be given notice of all meetings of the stockholders and special meetings of the Board of Directors, and if there is no Assistant Secretary, then either the Board of Directors or the Chairman of the Board may choose another officer to cause such notice to be given. The Secretary has custody of the seal of the Corporation, and the Secretary or any Assistant Secretary, if there is one, has the authority to affix the same to any instrument requiring it and, when so affixed, such seal may be attested by the signature of the Secretary or by the signature of any Assistant Secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing of his or her signature. The Secretary must see that all books, reports, statements, certificates or other documents and records required by law to be kept or filed are properly kept or filed, as the case may be. It is the duty of the Assistant Secretaries to assist the Secretary in the performance of the Secretary's powers and duties and generally to have such other powers and perform such other duties as may be delegated to them by the Board of Directors or the Chief Executive Officer.

(vi) Chief Financial Officer and Treasurer. Each of the Chief Financial Officer and the Treasurer controls, audits and arranges the financial affairs of the Corporation, consistent with the responsibilities delegated to each of them by the Corporation's Chief Executive Officer or President. The Chief Financial Officer or Treasurer, as the case may be, receives and deposits all monies belonging to the Corporation and pays out the same only in such manner as the Board of Directors may from time to time determine, and will have such other powers and must perform such other duties as the Board of Directors may require.

(c) Resignation. Any officer may resign at any time by giving written notice to the Board of Directors, the Chairman of the Board, the Chief Executive Officer, the President or the Secretary. Any such resignation will take effect on the date of receipt of such notice or at any later time specified therein, and unless otherwise specified therein, the acceptance of such

resignation is not necessary to make it effective. Any such resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

ARTICLE V
EXECUTION OF CORPORATE INSTRUMENTS AND VOTING OF SECURITIES OWNED BY THE CORPORATION

Section 5.1 Execution of Corporate Instruments

(a) **Determination by Board.** The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers, or other person or persons, to execute on behalf of the Corporation any corporate instrument or document, or to sign on behalf of the Corporation the corporate name without limitation, or to enter into contracts on behalf of the Corporation, except where otherwise provided by law or these Bylaws, and such execution or signature will be binding upon the Corporation.

(b) **Absence of Board Determination.** Unless otherwise specifically determined by the Board of Directors or otherwise required by law or these Bylaws, formal contracts of the Corporation, promissory notes, deeds of trust, mortgages and other evidences of indebtedness of the Corporation and other corporate instruments or documents must be executed, signed or endorsed by the Chief Executive Officer, the President, the Chief Financial Officer, Treasurer or the Secretary, or by any Vice President (only with regard to such corporate instruments that pertain to or relate to such Vice President's job or business function).

(c) **Checks and Drafts.** All checks and drafts drawn on banks or other depositories on funds to the credit of the Corporation or in special accounts of the Corporation must be signed by such person or persons as are authorized by the Board of Directors.

(d) **No Authority.** Unless authorized or ratified by the Board of Directors or within the agency power of an officer, no officer, agent or employee has any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 5.2 Voting Securities Owned by the Corporation

Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the Chief Executive Officer, the President or the Chief Financial Officer and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting possess and may exercise any and all rights and powers incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

ARTICLE VI
SHARES OF STOCKSection 6.1 Form and Execution of Certificates

The shares of the Corporation will be represented by certificates, provided that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of the Corporation's stock may be uncertificated. Certificates for the shares of stock of the Corporation, if any, are to be in such form as is consistent with the Certificate of Incorporation and applicable law. Every holder of stock in the Corporation represented by certificate is entitled to have a certificate signed by or in the name of the Corporation by the Chairman of the Board of Directors, the President or any Vice President, and by the Treasurer or Assistant Treasurer or the Secretary or Assistant Secretary, certifying the number of shares owned by such holder in the Corporation. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate ceases to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of issue. Any certificate may also contain such legend or other statement as may be required by law or by any agreement between the Corporation and the issuee thereof.

Section 6.2 Lost Certificates

A new certificate or uncertificated shares may be issued in place of any certificate or certificates theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. The Corporation may require, as a condition precedent to the issuance of a new certificate or uncertificated shares, the owner of such lost, stolen or destroyed certificate or certificates, or the owner's legal representative, to agree to indemnify the Corporation in such manner as it requires or to give the Corporation a surety bond in such form and amount as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 6.3 Transfer Agents and Registrars

The Board of Directors may from time to time appoint one or more transfer agents and registrars in one or more cities; may require all certificates evidencing shares of stock of the Corporation to bear the signature of a transfer agent and registrar, and may provide that such certificates may be transferable in more than one city.

Section 6.4 Transfers

Transfers of record of shares of stock of the Corporation may be made only upon its books by the holders thereof, in person or by attorney duly authorized, and, in the case of stock represented by certificate, upon the surrender of a properly endorsed certificate or certificates for a like number of shares. The Corporation has the power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the Corporation to restrict the

transfer of shares of stock of the Corporation of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

Section 6.5 Fixing Record Dates

(a) For Notice and Meetings. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix, in advance, a record date, which record date must not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date must, subject to applicable law, not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders must be at the close of business on the day next preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders applies to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) For Other Purposes. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which record date must not precede the date upon which the resolution fixing the record date is adopted, and which record date must be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose must be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6.6 Registered Stockholders

The Corporation is entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and is not bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person whether or not it has express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE VII
NOTICES

Section 7.1 Written Notice

Whenever written notice is required by law, the Certificate of Incorporation or these Bylaws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at his or her address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice is deemed to be given at the time when the same is deposited in the United States mail.

Section 7.2 Notice by Electronic Transmission to Stockholders

Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under any provision of the DGCL, the Certificate of Incorporation, or these Bylaws is effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent is revocable by the stockholder by written notice to the Corporation. Any such consent is deemed revoked if (i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices given by the Corporation in accordance with such consent and (ii) such inability becomes known to the Secretary or an Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat such inability as a revocation will not invalidate any meeting or other action. Notice given pursuant to this section is deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (a) such posting and (b) the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder. An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or the agent of the Corporation that the notice has been given by a form of electronic transmission is, in the absence of fraud, prima facie evidence of the facts stated therein. For purposes of these Bylaws, "electronic transmission" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 7.3 Notice to Stockholders Sharing an Address

Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation is effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom notice is given. Any consent is revocable by the stockholder by written notice to the Corporation. A stockholder who fails to object in writing to the Corporation, within sixty (60) days of having been given written notice by the Corporation of its intention to send the single notice will be deemed to have consented to receiving the single notice.

Section 7.4 Waiver

Whenever any notice is required by the DGCL, the Certificate of Incorporation or these Bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, is deemed equivalent to notice. Attendance of a person at a meeting constitutes a waiver of notice of that meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, directors or members of a committee of directors need be

specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation.

ARTICLE VIII
GENERAL PROVISIONS

Section 8.1 Dividends

Dividends upon the capital stock of the Corporation, subject to the provisions of the Certificate of Incorporation and applicable law, if any, may be declared by the Board of Directors at any regular or special meeting, and may be paid in cash, in property, or in shares of the capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 8.2 Fiscal Year

The fiscal year of the Corporation must be fixed by resolution of the Board of Directors.

Section 8.3 Corporate Seal

The corporate seal, if any, must have inscribed thereon the name of the Corporation and is to be in such form as may be approved from time to time by the Board of Directors.

Section 8.4 Forum for Adjudication of Certain Disputes

Unless the Corporation consents in writing to the selection of an alternative forum, the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation; (ii) any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director, officer, employee or agent of the Corporation to the Corporation or to the Corporation's stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty; (iii) any action asserting a claim against the Corporation or any current or former director, officer, employee or agent of the Corporation arising pursuant to any provision of the DGCL or the Certificate of Incorporation or these Bylaws (as either may be amended from time to time); (iv) any action asserting a claim related to or involving the Corporation that is governed by the internal affairs doctrine; or (v) any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL, shall be a state court located within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal court for the District of Delaware).

ARTICLE IX
INDEMNIFICATIONSection 9.1 Power to Indemnify in Actions, Suits or Proceedings Other Than Those by or in the Right of the Corporation

Subject to Section 9.3, the Corporation must indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that such person is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against costs, charges (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, will not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that his or her conduct was unlawful.

Section 9.2 Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation

Subject to Section 9.3, the Corporation must indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against costs, charges, expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her (including attorneys' fees) in connection with such action, suit or proceeding if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification may be made in respect of any claim, issue or matter as to which such person is adjudged to be liable for gross negligence or misconduct in the performance of his or her duty to the Corporation unless and only to the extent that the Delaware Court of Chancery or the court in which such action or suit was brought determines upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such costs which the Delaware Court of Chancery or such other court deems proper.

Section 9.3 Authorization of Indemnification

Any indemnification under this Article IX (unless ordered by a court) may be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director or officer is proper in the circumstances because such director or officer has met the applicable standard of conduct set forth in Sections 9.1 or 9.2, as the case may be. Such determination must be made with respect to a person who is a director or officer at the time of such determination: (i) by a majority vote of the directors who were not parties to such action, suit or proceeding, even though less than a quorum; (ii) by a committee of such directors designated by majority vote of such directors, even though less than a quorum; (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion; or (iv) by the stockholders. To the extent, however, that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, he or she must be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith, without the necessity of authorization in the specific case.

Section 9.4 Good Faith Defined

For purposes of any determination under Section 9.3, a person is deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his or her conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to him or her by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 9.4 means any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 9.4 are not exclusive nor do they limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 9.1 or 9.2, as the case may be.

Section 9.5 Indemnification by a Court

Notwithstanding any contrary determination in the specific case under Section 9.3, and notwithstanding the absence of any determination thereunder, any present or former director or officer may apply to any court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Sections 9.1 and 9.2. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such director or officer has met the applicable standards of conduct set forth in Sections 9.1 or 9.2, as the case may be. Neither a contrary determination in the specific case under Section 9.3 nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the

director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 9.5 must be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification will also be entitled to be paid the expense of prosecuting such application.

Section 9.6 Expenses Payable in Advance

Expenses (including attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding must be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it is ultimately determined that such director or officer is not entitled to be indemnified by the Corporation as authorized in this Article IX. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

Section 9.7 Nonexclusivity of Indemnification and Advancement of Expenses

The indemnification and advancement of expenses provided by or granted pursuant to this Article IX are not exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any Bylaw, agreement, contract, vote of stockholders or disinterested directors or pursuant to the direction (howsoever embodied) of any court of competent jurisdiction or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Sections 9.1 and 9.2 must be made to the fullest extent permitted by law. The provisions of this Article IX do not preclude the indemnification of any person who is not specified in Sections 9.1 or 9.2 but whom the Corporation has the power or obligation to indemnify under the provisions of the General Corporation Law of the State of Delaware, or otherwise.

Section 9.8 Insurance

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article IX.

Section 9.9 Certain Definitions

For purposes of this Article IX, references to "the Corporation" include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors and officers, so that any person who is or was a director or officer of such constituent corporation, or is or was serving at the request of such

constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, will stand in the same position under the provisions of this Article IX with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued. For purposes of this Article IX, references to "fines" include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries, and a person who acted in good faith and in a manner he or she reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan will be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article IX.

Section 9.10 Survival of Indemnification and Advancement of Expenses

The indemnification and advancement of expenses provided by, or granted pursuant to, this Article IX will, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director, officer, employee or agent of the Corporation and inure to the benefit of the heirs, executors and administrators of such a person.

Section 9.11 Limitation on Indemnification

Notwithstanding anything contained in this Article IX to the contrary, except for proceedings to enforce rights to indemnification (which will be governed by Section 9.5), the Corporation is not obligated to indemnify any present or former director or officer in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 9.12 Indemnification of Employees and Agents

The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article IX to directors and officers of the Corporation.

Section 9.13 Enforceability

The provisions of this Article IX are applicable to all actions, suits or proceedings pending at the time or commenced after the adoption of this Article IX, whether arising from acts or omissions to act occurring, or based on claims asserted, before or after the adoption of this Article IX. If this Article IX or any portion hereof is invalidated on any ground by a court of competent jurisdiction, then the Corporation must nevertheless indemnify each director or officer of the Corporation as to costs, charges and expenses (including attorneys' fees), judgments, fines and amounts paid in any judgment or settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including any action by or in the right of the Corporation, to the full extent permitted by any applicable portion of this Article IX that is not invalidated and to the full extent permitted by applicable law.

ARTICLE X
AMENDMENTS

Section 10.1 Bylaw Amendments

The Board of Directors has the concurrent power with the stockholders to adopt, amend or repeal these Bylaws; provided, however, that (i) these Bylaws may not be adopted, amended or repealed by the stockholders except by the affirmative vote of the holders of two-thirds of the outstanding shares of Common Stock of the Corporation; and (ii) no Bylaw may be adopted by the stockholders which impairs or impedes the power of the Board of Directors under paragraph A of Article SEVENTH of the Certificate of Incorporation of the Corporation.

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

Dated as of October 21, 2022 among
WOODWARD, INC.,
as the Company

**THE FOREIGN SUBSIDIARY BORROWERS FROM TIME TO TIME PARTIES HERETO
THE INSTITUTIONS FROM TIME TO TIME PARTIES HERETO AS LENDERS WELLS FARGO BANK, NATIONAL ASSOCIATION**
as Administrative Agent

JPMORGAN CHASE BANK, N.A. and TRUIST BANK
as Co-Syndication Agents

BANK OF AMERICA, N.A., CITIBANK, N.A., HSBC BANK USA, N.A. and TD SECURITIES (USA) LLC
as Co-Documentation Agents

**WELLS FARGO SECURITIES, LLC,
JPMORGAN CHASE BANK, N.A. and TRUIST SECURITIES, INC.**
as Joint Lead Arrangers and Bookrunners

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EXHIBIT E	--	Form of Borrower's Counsel's Opinion (Section 5.1)
EXHIBIT F	--	List of Closing Documents (Section 5.1)
EXHIBIT G	--	Form of Officer's Certificate (Sections 5.2 and 7.1(A)(iii))
EXHIBIT H	--	Form of Compliance Certificate (Sections 5.2 and 7.1(A)(iii))
EXHIBIT I-1	--	Domestic Subsidiary Guaranty (Definitions)
EXHIBIT I-2	--	Form of Foreign Subsidiary Guaranty (Definitions)
EXHIBIT J	--	Form of Revolving Loan Note (If Requested) (Section 2.12(D))
EXHIBIT K	--	Intercreditor Agreement (Definitions)
EXHIBIT L	--	Form of Designation Agreement (Section 13.1(B))
EXHIBIT M-1	--	Form of Increasing Lender Supplement (Section 2.22)
EXHIBIT M-2	--	Form of Augmenting Lender Supplement (Section 2.22)
EXHIBIT N-1	--	Form of Borrowing Subsidiary Agreement (Section 2.23)
EXHIBIT N-2	--	Form of Borrowing Subsidiary Termination (Section 2.23)

Schedules

Schedule 1.1.1	--	Permitted Existing Indebtedness (Definitions)
Schedule 1.1.3	--	Permitted Existing Liens (Definitions)
Schedule 1.1.4	--	Permitted Existing Contingent Obligations (Definitions)
Schedule 1.1.5	--	Agreed Jurisdictions (Definitions)
Schedule 3.2	--	Transitional Letters of Credit (Section 3.2)
Schedule 6.3	--	Conflicts; Governmental Consents (Section 6.3)
Schedule 6.8	--	Subsidiaries, Significant Domestic Incorporated Subsidiaries and Significant Foreign Subsidiaries; Options and Warrants (Section 6.8)
Schedule 6.9	--	ERISA (Section 6.9)

SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This SECOND AMENDED AND RESTATED CREDIT AGREEMENT, dated as of October 21, 2022, is entered into by and among Woodward, Inc., a Delaware corporation, as a Borrower, Woodward Aken GmbH, a limited liability company under the laws of the Federal Republic of Germany, as a Foreign Subsidiary Borrower, the other Foreign Subsidiary Borrowers from time to time parties hereto, the institutions from time to time parties hereto as Lenders, whether by execution of this Agreement or an Assignment Agreement pursuant to [Section 13.3](#), and Wells Fargo Bank, National Association, as Administrative Agent for itself and the other Lenders.

In consideration of the mutual covenants herein, as well as other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I: DEFINITIONS

1.1 Certain Defined Terms. The following terms used in this Agreement shall have the following meanings, applicable both to the singular and the plural forms of the terms defined.

As used in this Agreement:

"**2013 Note Agreement**" means that certain Note Purchase Agreement, dated as of October 1, 2013, by and among the Company, as the issuer of the 2013 Senior Notes, and the 2013 Senior Noteholders, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"**2013 Senior Noteholder**" means a Person holding a 2013 Senior Note.

"**2013 Senior Notes**" means, collectively, (i) the Series H Senior Notes due November 15, 2023 in an aggregate principal amount of \$25,000,000, (ii) the Series I Senior Notes due November 15, 2025 in an aggregate principal amount of \$25,000,000, (iii) the Series K Senior Notes due November 15, 2023 in an aggregate principal amount of \$50,000,000 and (iv) the Series L Senior Notes due November 15, 2025 in an aggregate principal amount of \$50,000,000, in each case as the same may be amended, restated, supplemented or otherwise modified from time to time, issued by the Company pursuant to the 2013 Note Agreement.

"**2016 Note Agreement**" means that certain Note Purchase Agreement, dated as of September 23, 2016, by and among the Company, as the issuer of the 2016 Senior Notes, and the 2016 Senior Noteholders, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"**2016 Senior Noteholder**" means a Person holding a 2016 Senior Note.

"**2016 Senior Notes**" means the Series M Senior Notes due September 23, 2026 in an aggregate principal amount of €40,000,000, as the same may be amended, restated, supplemented or otherwise modified from time to time, issued by the Company pursuant to the 2016 Note Agreement.

"**2018 Note Agreement**" means that certain Note Purchase Agreement, dated as of May 31, 2018, by and among the Company, as the issuer of the 2018 Senior Notes, and the 2018 Senior Noteholders, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"**2018 Senior Noteholder**" means a Person holding a 2018 Senior Note.

"**2018 Senior Notes**" means, collectively, (i) the Series P Senior Notes due May 30, 2025 in an aggregate principal amount of \$85,000,000, (ii) the Series Q Senior Notes due May 30, 2027 in an aggregate principal amount of \$85,000,000, (iii) the Series R Senior Notes due May 30, 2029 in an aggregate principal amount of \$75,000,000, (iv) the Series S Senior Notes due May 30, 2030 in an aggregate principal amount of \$75,000,000 and (v) the Series T Senior Notes due May 30, 2033 in an aggregate principal amount of \$80,000,000, in each case as the same may be amended, restated, supplemented or otherwise modified from time to time, issued by the Company pursuant to the 2018 Note Agreement.

"**Accounting Changes**" is defined in [Section 10.17](#) hereof.

"**Acquisition**" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Company or any of its Subsidiaries (other than transactions involving solely the Company and its Subsidiaries) (i) acquires all or substantially all of the assets of any firm, corporation or division thereof, whether through purchase of assets, merger or otherwise or (ii) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage of voting power) of the outstanding Equity Interests of another Person.

"**Additional Commitment Lender**" is defined in [Section 2.25\(D\)](#) hereof.

"**Adjusted Daily Simple RFR**" means, for any RFR Rate Day, a rate per annum equal to, for any Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to British Pounds Sterling, the greater of (i) the sum of (A) SONIA for the day (such day, a "**Sterling RFR Determination Day**") that is five (5) RFR Business Days prior to (I) if such RFR Rate Day is an RFR Business Day, such RFR Rate Day or (II) if such RFR Rate Day is not an RFR Business Day, the RFR Business Day immediately preceding such RFR Rate Day, in each case, as such SONIA is published by the SONIA Administrator on the SONIA Administrator's Website, provided that if by 5:00 p.m. (London time) on the second (2nd) RFR Business Day immediately following any Sterling RFR Determination Day, SONIA in respect of such Sterling RFR Determination Day has not been published on the SONIA Administrator's Website and a Benchmark Replacement Date with respect to SONIA has not occurred, then SONIA for such Sterling RFR Determination Day will be SONIA as published in respect of the first preceding RFR Business Day for which such SONIA was published on the SONIA Administrator's Website; provided further that SONIA as determined pursuant to this proviso shall be utilized for purposes of calculation of Adjusted Daily Simple RFR for no more than three (3) consecutive RFR Rate Days and (B) the SONIA Adjustment and (ii) the Floor.

Any change in Adjusted Daily Simple RFR due to a change in the applicable RFR shall be effective from and including the effective date of such change in the RFR without notice to the Borrowers.

"**Adjusted Daily Simple RFR Rate**" means, for any day for any Daily Simple RFR Loan or Advance, a rate per annum equal to the Adjusted Daily Simple RFR for such day plus the Applicable Eurocurrency/RFR Margin then in effect.

"**Adjusted Eurocurrency Rate**" means, as to any Loan denominated in any applicable Agreed Currency not bearing interest based on an RFR (which, as of the date hereof, shall mean euro and Japanese Yen) for any Interest Period, a rate per annum determined by the Administrative Agent pursuant to the following formula:

$$\text{Adjusted Eurocurrency Rate} = \text{Eurocurrency Base Rate for such Agreed} \quad \text{Currency for such Interest Period} \\ \text{1.00-Eurocurrency Reserve Percentage}$$

"**Adjusted Term SOFR**" means, for purposes of any calculation, the rate per annum equal to (a) Term SOFR for such calculation plus (b) 0.10%; provided that if Adjusted Term SOFR as so determined shall ever be less than the Floor, then Adjusted Term SOFR shall be deemed to be the Floor.

"**Administrative Agent**" means Wells Fargo, including its Affiliates and Subsidiaries, in its capacity as contractual representative for itself and the Lenders pursuant to Article XI hereof and any successor Administrative Agent appointed pursuant to and in accordance with Article XI hereof.

"**Administrative Questionnaire**" means an administrative questionnaire in a form supplied by the Administrative Agent.

"**Advance**" means a borrowing hereunder consisting of the aggregate amount of the several Loans made by the Lenders to any Borrower of the same Type and in the same currency and, in the case of Eurocurrency Rate Advances or Term RFR Advances, for the same Interest Period.

"**Affected Financial Institution**" means (a) any EEA Financial Institution or (b) any UK Financial Institution.

"**Affected Lender**" is defined in Section 2.19 hereof.

"**Affiliate**" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person is the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of greater than or equal to twenty percent (20%) or more of any class of voting securities (or other voting interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of Capital Stock, by contract or otherwise.

"**Aggregate Revolving Loan Commitment**" means the aggregate of the Revolving Loan Commitments of all the Lenders, as may be increased or reduced from time to time pursuant to the terms hereof. The initial Aggregate Revolving Loan Commitment as of the Closing Date is One Billion and 00/100 Dollars (\$1,000,000,000.00).

"**Agreed Currencies**" means (i) Dollars, and (ii) so long as such currency remains an Eligible Currency, British Pounds Sterling, Japanese Yen and euro.

"**Agreed Jurisdictions**" means those jurisdictions set forth on Schedule 1.1.5 hereto, or otherwise approved by the Administrative Agent and 100% of the Lenders as jurisdictions in which Foreign Subsidiary Borrowers may be organized.

"**Agreement**" means this Second Amended and Restated Credit Agreement, as it may be amended, restated or otherwise modified and in effect from time to time.

"**Agreement Accounting Principles**" means generally accepted accounting principles as in effect from time to time in the United States of America.

"**Alternate Base Rate**" means, for any day, a rate of interest per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus one-half of one percent (0.5%) per annum and (c) Adjusted Term SOFR for one- month tenor in effect on such day plus 1.00%; each change in the Alternate Base Rate shall take effect simultaneously with the corresponding change or changes in the Prime Rate, the Federal Funds Effective Rate or Adjusted Term SOFR, as the case may be (provided that clause (c) shall not be applicable during any period in which Adjusted Term SOFR is unavailable or unascertainable). For the avoidance of doubt, if the Alternate Base Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"**Alternative Currencies**" means, collectively, all Agreed Currencies other than Dollars. "**Anniversary Date**" is defined in Section 2.25(A) hereof.

"**Anti-Corruption Laws**" means all laws, rules, and regulations of any jurisdiction applicable to the Company or its Subsidiaries from time to time concerning or relating to bribery or corruption.

"**Applicable Eurocurrency/RFR Margin**" means, as at any date of determination, the rate per annum then applicable to Eurocurrency Rate Loans and RFR Loans determined in accordance with the provisions of Section 2.14(D)(i) hereof.

"**Applicable Floating Rate Margin**" means, as of any date of determination, the rate per annum then applicable to Floating Rate Loans determined in accordance with the provisions of Section 2.14(D)(ii) hereof.

"**Applicable L/C Fee Percentage**" means, as at any date of determination, a rate per annum used to calculate Letter of Credit fees equal to the Applicable Eurocurrency/RFR Margin then in effect.

"**Applicable Unused Fee Percentage**" means, as at any date of determination, the rate per annum then applicable in the determination of the amount payable under [Section 2.14\(C\)\(i\)](#) hereof determined in accordance with the provisions of [Section 2.14\(D\)\(i\)](#) hereof.

"**Approved Fund**" means any Fund that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"**Arrangers**" means, as of the Closing Date, Wells Fargo Securities, LLC, JPMorgan Chase Bank, N.A. and Truist Securities, Inc., each in its capacity as a joint lead arranger and joint bookrunner for the loan transaction evidenced by this Agreement.

"**Asset Sale**" means, with respect to any Person, the sale, lease, conveyance, disposition or other transfer by such Person of any of its assets (including by way of a sale-leaseback transaction, and including the sale or other transfer of any of the Equity Interests of any Subsidiary of such Person) to any Person other than the Company or any of its Subsidiaries other than (i) the sale of inventory in the ordinary course of business, and (ii) the sale or other disposition of any obsolete, excess, damaged, redundant, unnecessary or worn-out equipment disposed of in the ordinary course of business.

"**Assignment Agreement**" means an assignment and acceptance agreement entered into in connection with an assignment pursuant to [Section 13.3](#) hereof in substantially the form of [Exhibit D](#).

"**Augmenting Lender**" is defined in [Section 2.22](#) hereof.

"**Authorized Officer**" means any of the President, Chief Executive Officer, Chief Financial Officer or Treasurer of any Borrower, acting singly, or such other Person as is authorized or designated in writing to act on behalf of such Person.

"**Authorized Signer**" means any of the President, Chief Executive Officer, Chief Financial Officer, Treasurer, Director of Global Treasury or Global Treasury Manager of any Borrower, acting singly, or such other Person as is authorized or designated in writing to act on behalf of such Person.

"**Available Tenor**" means, as of any date of determination and with respect to any then-current Benchmark for any Agreed Currency, as applicable, (a) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an Interest Period pursuant to this Agreement or (b) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" pursuant to [Section 4.3\(c\)\(iv\)](#).

"**Bail-In Action**" means the exercise of any Write-Down and Conversion Powers by the applicable Resolution Authority in respect of any liability of an Affected Financial Institution.

"Bail-In Legislation" means (a) with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law, regulation, rule or requirement for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, Part I of the United Kingdom Banking Act 2009 (as amended from time to time) and any other law, regulation or rule applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (other than through liquidation, administration or other insolvency proceedings).

"Bankruptcy Event" means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Benchmark" means, initially, with respect to any (a) Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Dollars, the Term SOFR Reference Rate; provided that if a Benchmark Transition Event has occurred with respect to the Term SOFR Reference Rate or then-current Benchmark for Dollars, then "Benchmark" means, with respect to such Obligations, interest, fees, commissions or other amounts, the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 4.3(c)(1), (b) Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, British Pounds Sterling, the Adjusted Daily Simple RFR applicable for such Agreed Currency; provided that if a Benchmark Transition Event has occurred with respect to such Adjusted Daily Simple RFR or the then-current Benchmark for such Agreed Currency, then "Benchmark" means, with respect to such Obligations, interest, fees, commissions or other amounts, the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 4.3(c)(1) and (c) Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, euros or Yen, EURIBOR or TIBOR, respectively; provided that if a Benchmark Transition Event has occurred with respect to EURIBOR or TIBOR, as applicable, or the then-current Benchmark for such Agreed Currency, then "Benchmark" means, with respect to such Obligations, interest, fees, commissions or other amounts, the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate pursuant to Section 4.3(c)(1).

"Benchmark Replacement" means, with respect to any Benchmark Transition Event for any then-current Benchmark, the sum of:

(a) the alternate benchmark rate that has been selected by the Administrative Agent and the Company as the replacement for such Benchmark giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement for such Benchmark for syndicated credit facilities denominated in the applicable Agreed Currency at such time and

(b) the related Benchmark Replacement Adjustment;

provided that, if such Benchmark Replacement as so determined would be less than the Floor, such Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Loan Documents.

"Benchmark Replacement Adjustment" means, with respect to any replacement of any then-current Benchmark with an Unadjusted Benchmark Replacement for any applicable Available Tenor, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Administrative Agent and the Company giving due consideration to (i) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for syndicated credit facilities denominated in the applicable Agreed Currency.

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark for any Agreed Currency:

(a) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event", the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or

(b) in the case of clause (c) of the definition of "Benchmark Transition Event", the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative; provided that such non-representativeness will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the "Benchmark Replacement Date" will be deemed to have occurred in the case of clause (a) or (b) with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means, with respect to the then-current Benchmark for any Agreed Currency, the occurrence of one or more of the following events with respect to such Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the FRB, the Federal Reserve Bank of New York, the central bank for the Agreed Currency applicable to such Benchmark, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

(c) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative.

For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Start Date" means, with respect to any Benchmark for any Agreed Currency, in the case of a Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

"Benchmark Unavailability Period" means, with respect to any then-current Benchmark for any Agreed Currency, the period (if any) (a) beginning at the time that a Benchmark Replacement Date with respect to such Benchmark pursuant to clauses (a) or (b) of that definition has occurred if, at such time, no Benchmark Replacement has replaced such Benchmark for all purposes hereunder and under any Loan Document in accordance with Section 4.3(c)(i) and (b)

ending at the time that a Benchmark Replacement has replaced such Benchmark for all purposes hereunder and under any Loan Document in accordance with [Section 4.3\(c\)\(i\)](#).

"Beneficial Ownership Certification" means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

"Beneficial Ownership Regulation" means 31 CFR § 1010.230.

"Benefit Plan" means any of (a) an "employee benefit plan" (as defined in ERISA) that is subject to Title I of ERISA, (b) a "plan" as defined in Section 4975 of the Code or (c) any Person whose assets include (for purposes of ERISA Section 3(42) or otherwise for purposes of Title I of ERISA or Section 4975 of the Code) the assets of any such "employee benefit plan" or "plan".

"Borrower" means the Company, Woodward Aken, any Foreign Subsidiary Borrower or any other Subsidiary Borrower made a party hereto in accordance with Section 2.23, in each case together with its successors and permitted assigns, including a debtor-in-possession on behalf of such Borrower.

"Borrowing Date" means a date on which an Advance or Swing Line Loan is made hereunder.

"Borrowing/Election Notice" is defined in [Section 2.7](#) hereof.

"Borrowing Subsidiary Agreement" means a Borrowing Subsidiary Agreement substantially in the form of Exhibit N-1.

"Borrowing Subsidiary Termination" means a Borrowing Subsidiary Termination substantially in the form of Exhibit N-2.

"British Pounds Sterling" means the lawful currency of Great Britain. **"Business Day"** means:

- (a) for the purpose of any payment to be made in Dollars, a day other than a Saturday or Sunday on which (i) banks are open in New York, New York for the conduct of substantially all of their commercial lending activities, including the transaction of domestic and foreign exchange business, (ii) interbank wire transfers can be made on the Fedwire system, and (iii) dealings in Dollars are carried on in the London interbank markets; and
- (b) for any other purpose, means a day (i) other than a Saturday or Sunday on which banks are open in London and New York, New York for the conduct of substantially all of their commercial lending activities, including the transaction of domestic and foreign exchange business, and interbank wire transfers can be made on the Fedwire system, and (ii) with respect to borrowings, payment or rate selection of Loans denominated in (A) euro, a day on which such clearing system as is determined by the Administrative Agent to be suitable for clearing or settlement of euro is open for business and (B) an Agreed Currency other than

Dollars and euro, a day on which the applicable Eurocurrency/RFR Payment Office related to such currency is open for the transaction of domestic and foreign exchange business.

"**Capital Stock**" means (i) in the case of a corporation, corporate stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (iii) in the case of a limited liability company, membership interests, (iv) in the case of a partnership, partnership interests (whether general or limited) and (v) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person; provided, however, that "Capital Stock" shall not include any debt securities convertible into equity securities prior to such conversion.

"**Capitalized Leases**" of a Person means any lease of property (real, personal or a combination thereof) by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"**Capitalized Lease Obligations**" of a Person means the amount of the obligations of such Person under Capitalized Leases.

"**Cash Equivalents**" means (i) marketable direct obligations issued or unconditionally guaranteed by the governments of the United States and backed by the full faith and credit of the United States government, (ii) domestic and Eurocurrency certificates of deposit and time deposits, bankers' acceptances and floating rate certificates of deposit issued by any commercial bank organized under the laws of the United States, any state thereof, the District of Columbia, any foreign bank, or its branches or agencies, the long-term indebtedness of which institution at the time of acquisition is rated BBB (or better) by S&P or Fitch or Baa (or better) by Moody's, and which certificates of deposit and time deposits are fully protected against currency fluctuations for any such deposits with a term of more than ninety (90) days; (iii) shares of money market, mutual or similar funds having assets in excess of \$100,000,000 and the investments of which are limited to investment grade securities (i.e., securities rated BBB (or better) by S&P or Fitch or Baa (or better) by Moody's; and (iv) commercial paper of United States and foreign banks and bank holding companies and their subsidiaries and United States and foreign finance, commercial industrial or utility companies which, at the time of acquisition, are rated A-2 (or better) by S&P, P-2 (or better) by Moody's, or F-2 (or better) by Fitch; provided that the maturities of such Cash Equivalents (other than as described in clause (iii) above) shall not exceed three hundred sixty-five (365) days from the date of acquisition thereof.

"**Cash Netting Trigger Date**" means the earlier to occur of (a) the date the 2013 Note Agreement, the 2016 Note Agreement and the 2018 Notes Agreement have all been terminated and all of the 2013 Senior Notes, the 2016 Senior Notes and the 2018 Senior Notes have been paid in full and (b) the date on which any caps on the netting of cash with respect to any leverage ratios in each of the 2013 Notes Agreement, the 2016 Notes Agreement and the 2018 Notes Agreement are deleted or otherwise marked as "reserved".

"**Change**" is defined in [Section 4.2](#) hereof.

"Change in Law" means (a) the adoption of any law, rule, regulation or treaty (including any rules or regulations issued under or implementing any existing law) after the date of this Agreement, (b) any change in any law, rule, regulation or treaty or in the interpretation, implementation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender or any Issuing Bank (or, for purposes of Section 4.2, by any lending office of such Lender or by such Lender's or such Issuing Bank's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case, including pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted, issued or implemented.

"Change of Control" means an event or series of events by which:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its Subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a "person" or "group" shall be deemed to have "beneficial ownership" of all Capital Stock that such "person" or "group" has the right to acquire, whether such right is exercisable immediately or only after the passage of time (such right, an "option right")), directly or indirectly, of more than fifty percent (50%) of the Capital Stock of the Company entitled to vote in the election of members of the board of directors (or equivalent governing body) of the Company on a fully-diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); or

(b) the majority of the board of directors of the Company fails to consist of Continuing Directors.

"Closing Date" means October 21, 2022.

"Co-Syndication Agents" means each of JPMorgan Chase Bank, N.A. and Truist Bank. **"Code"** means the U.S. Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Commission" means the Securities and Exchange Commission of the United States of America and any Person succeeding to the functions thereof.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"**Company**" means Woodward, Inc., a Delaware corporation.

"**Confirming Changes**" means, with respect to the use or administration of an initial Benchmark or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Alternate Base Rate", the definition of "Business Day," the definition of "Eurocurrency Banking Day", the definition of "RFR Business Day", the definition of "Interest Period" or any similar or analogous definition (or the addition of a concept of "interest period"), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of Section 4.4 and other technical, administrative or operational matters) that the Administrative Agent decides may be appropriate to reflect the adoption and implementation of any such rate or to permit the use and administration thereof by the Administrative Agent in a manner substantially consistent with market practice (or, if the Administrative Agent decides that adoption of any portion of such market practice is not administratively feasible or if the Administrative Agent determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Administrative Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Loan Documents).

"**Connection Income Tax**" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise taxes.

"**Consolidated Assets**" means the total assets of the Company and its Subsidiaries on a consolidated basis (determined in accordance with Agreement Accounting Principles).

"**Consolidated Net Worth**" means, at a particular date, all amounts which would be included under shareholders' equity (including capital stock, additional paid-in capital and retained earnings) on the consolidated balance sheet for the Company and its consolidated Subsidiaries determined in accordance with Agreement Accounting Principles.

"**Consolidated Tangible Assets**" means, at a particular date, Consolidated Assets, less the value (net of applicable reserves and accumulated amortization) of all goodwill, tradenames, trademarks, patents and other like intangible assets, all as determined in accordance with Agreement Accounting Principles.

"**Contaminant**" means any pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance, asbestos, polychlorinated biphenyls ("**PCBs**"), or any constituent of any such substance, and includes but is not limited to these terms as defined in Environmental, Health or Safety Requirements of Law.

"**Contingent Obligation**", as applied to any Person, means any Contractual Obligation, contingent or otherwise, providing for the guarantee of, or having the same economic effect as providing a guarantee of, any Indebtedness of another or other obligation or liability of another, including, without limitation, any such Indebtedness, obligation or liability of another directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business), co-made or discounted or sold with recourse by that Person, or in respect of which that

Person is otherwise directly or indirectly liable, including Contractual Obligations (contingent or otherwise) arising through any agreement to purchase, repurchase, or otherwise acquire such Indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain solvency, assets, level of income, or other financial condition, or to make payment other than for value received. The amount of any Contingent Obligation shall be equal to the present value of the portion of the obligation so guaranteed or otherwise supported, in the case of known recurring obligations, and the maximum reasonably anticipated liability in respect of the portion of the obligation so guaranteed or otherwise supported assuming such Person is required to perform thereunder, in all other cases; provided that Contingent Obligations shall not include endorsements for collection in the ordinary course of business.

"Continuing Director" means, with respect to any Person as of any date of determination, any member of the board of directors of such Person who (a) was a member of such board of directors on the date of this Agreement, or (b) was nominated for election or elected to such board of directors with the approval of the Continuing Directors who were members of such board at the time of such nomination or election.

"Contractual Obligation", as applied to any Person, means any provision of any equity or debt securities issued by that Person or any indenture, mortgage, deed of trust, security agreement, pledge agreement, guaranty, contract, undertaking, agreement or instrument, in any case in writing, to which that Person is a party or by which it or any of its properties is bound, or to which it or any of its properties is subject.

"Controlled Group" means any trade or business (whether or not incorporated) that, together with the Company, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"Credit Party" means the Administrative Agent, any Issuing Bank, the Swing Line Bank or any other Lender.

"Customary Permitted Liens" means:

- (i) Liens with respect to the payment of taxes, assessments or governmental charges in all cases (i) which are not yet due and payable or (ii) which are being, or will promptly be, contested in good faith by appropriate proceedings properly instituted and diligently conducted and with respect to which adequate reserves or other appropriate provisions are being maintained, which reserves and provisions shall be maintained in accordance with generally accepted accounting principles as in effect from time to time, if and to the extent that such generally accepted accounting principles so require;
- (ii) statutory Liens of landlords and Liens of suppliers, mechanics, carriers, materialmen, warehousemen or workmen and other similar Liens imposed by law created in the ordinary course of business for amounts not yet overdue by more than thirty (30) days or which are being, or will promptly be, contested in good faith by

appropriate proceedings properly instituted and diligently conducted and with respect to which adequate reserves or other appropriate provisions are being maintained, which reserves and provisions shall be maintained in accordance with generally accepted accounting principles as may be in effect from time to time, if and to the extent that such generally accepted accounting principles so require as well as Liens (any retention of title arrangement (*Eigentumsvorbehalt*) or extended retention of title arrangement (*verlängerter Eigentumsvorbehalt*)) contractually agreed in the ordinary course of business, arising pursuant to the general terms and conditions of trade counterparties or arising under mandatory law and not as result of an default;

- (iii) Liens (other than Environmental Liens and Liens in favor of the IRS or the PBGC) incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance or other types of social security benefits or to secure the performance of bids, tenders, sales, contracts (other than for the repayment of borrowed money), including Liens given in order to comply with the German Act on Partial Retirement (*Altersteilzeitgesetz*) or the German Social Security Code Part IV (*Sozialgesetzbuch IV*);
- (iv) Liens arising with respect to zoning restrictions, easements, encroachments, licenses, reservations, covenants, rights-of-way, utility easements, building restrictions and other similar charges, restrictions or encumbrances on the use of real property which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary use or occupancy of the real property or with the ordinary conduct of the business of the Company or any of its Subsidiaries;
- (v) Liens of attachment or judgment with respect to judgments, writs or warrants of attachment, or similar process against the Company or any of its Subsidiaries, which do not constitute a Default under Section 8.1(f)(ii) hereof;
- (vi) any interest or title of the lessor in the property subject to any operating lease entered into by the Company or any of its Subsidiaries in the ordinary course of business;
- (vii) Liens on deposits of cash and Cash Equivalents made to secure permitted Indebtedness in connection with Hedging Agreements permitted hereunder;
- (viii) Liens in favor of customs and revenues authorities which secure payment of customs duties in connection with the importation of goods; provided such Lien attaches solely to such goods being so imported and in respect of which such duties are owing;
- (ix) any interest, Lien or title of a licensor, sublicensor, lessor or sublessor under any license or lease agreement in the property being leased or licensed as permitted hereunder;

- (x) Liens which arise under Article 4 of the UCC on items in collection and documents and proceeds related thereto, as arising in the ordinary course of business;
- (xi) Liens arising under contracts to sell goods in the ordinary course of business, including pursuant to Article 2 of the UCC;
- (xii) rights of setoff or banker's liens upon deposits of cash in favor of banks or other depository institutions, but not securing any Indebtedness for money borrowed as well as Liens arising under the general terms and conditions of German banks or saving banks (*Allgemeine Geschäftsbedingungen der Banken oder Sparkassen*) over bank accounts and deposits; and
- (xiii) rights of third parties to receive assets to be transferred by the Company or any Subsidiary to such third parties pursuant to Asset Sales permitted under this Agreement.

"**Daily Simple RFR Advance**" means an Advance which bears interest at the Adjusted Daily Simple RFR Rate.

"**Daily Simple RFR Loan**" means a Loan made on a fully syndicated basis pursuant to [Section 2.1](#), which bears interest at the Adjusted Daily Simple RFR Rate.

"**Debt Prepayment Application**" means, with respect to any Asset Sale of property, the application by the Company or its Subsidiaries of cash in an amount equal to the net proceeds with respect to such Asset Sale to pay Senior Indebtedness of the Company or any of its Subsidiaries (other than (a) Indebtedness owing to the Company, any of the Company's Subsidiaries or any Affiliate of the Company and (b) Indebtedness in respect of any revolving credit facility except if the commitments under such revolving facility are reduced by a corresponding amount).

"**Default**" means an event described in [Article VIII](#) hereof.

"**Defaulting Lender**" means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Revolving Loans, (ii) fund any portion of its participations in Letters of Credit or Swing Line Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of [clause \(i\)](#) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Company or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit (except for any obligations under such other agreements subject to a good faith dispute), (c) has failed, within three Business Days after written request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations (and is financially able to meet such obligations) to fund prospective Revolving Loans and participations in then outstanding Letters of Credit and

Swing Line Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bail-In Action or Bankruptcy Event.

"**Designated Lender**" means, with respect to each Designating Lender, each Eligible Designee designated by such Designating Lender pursuant to Section 13.1(B).

"**Designating Lender**" means, with respect to each Designated Lender, the Lender that designated such Designated Lender pursuant to Section 13.1(B).

"**Designation Agreement**" is defined in Section 13.1(B).

"**Disqualified Stock**" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is ninety-one (91) days after the Revolving Loan Termination Date.

"**Dollar**" and "**\$**" means dollars in the lawful currency of the United States of America. "**Dollar Amount**" of any currency at any date shall mean (i) the amount of such currency if such currency is Dollars or (ii) the Equivalent Amount of Dollars if such currency is any currency other than Dollars.

"**Domestic Incorporated Subsidiary**" means a Subsidiary of the Company organized under the laws of a jurisdiction located in the United States of America.

"**Domestic Subsidiary Borrower**" any Domestic Incorporated Subsidiary that has been designated as a Domestic Subsidiary Borrower pursuant to Section 2.23 and that has not ceased to be a Domestic Subsidiary Borrower pursuant to such Section.

"**Domestic Subsidiary Guarantors**" means (i) all of the Company's Significant Domestic Incorporated Subsidiaries as of the Closing Date (other than Woodward Financing LLC) and (ii) all new Significant Domestic Incorporated Subsidiaries which become Domestic Subsidiary Guarantors in accordance with Section 2.2(1).

"**Domestic Subsidiary Guaranty**" means that certain Second Amended and Restated Subsidiary Guaranty, dated as of October 21, 2022, attached hereto as Exhibit L-1, executed by the Domestic Subsidiary Guarantors in favor of the Administrative Agent, for the ratable benefit of the Lenders, the Swing Line Bank and the Issuing Banks (as the same may be amended, restated, supplemented or otherwise modified (including to add new Domestic Subsidiary Guarantors) from time to time), unconditionally guaranteeing all of the indebtedness, obligations and liabilities of the Company and the Foreign Subsidiary Borrowers arising under or in connection with the Loan Documents.

"Dispositions Covenant Trigger Date" means the date the 2013 Note Agreement, the 2016 Note Agreement and the 2018 Notes Agreement have all been terminated and all of the 2013 Senior Notes, the 2016 Senior Notes and the 2018 Senior Notes have been paid in full.

"Drawn Foreign Amount" means on any date the aggregate principal amount of Obligations outstanding under the Agreement that are owed or guaranteed by the Foreign Subsidiaries and the aggregate stated face amount of Letters of Credit issued under the Agreement for the account of Foreign Subsidiaries.

"EBITDA" means, for any period, on a consolidated basis for the Company and its Subsidiaries, the sum of the amounts for such period, without duplication, of (i) Net Income, plus (ii) Interest Expense to the extent deducted in computing Net Income, plus (iii) charges against income for foreign, federal, state and local taxes to the extent deducted in computing Net Income, plus (iv) depreciation expense to the extent deducted in computing Net Income, plus (v) amortization expense, including, without limitation, amortization of goodwill and other intangible assets to the extent deducted in computing Net Income, plus (vi) any unusual non-cash charges to the extent deducted in computing Net Income, plus (vii) non-cash stock based compensation paid during such period to the extent deducted in computing Net Income, plus (viii) up to \$5,000,000 per fiscal year in transaction fees, costs and expenses incurred in connection with the consummation of any acquisition permitted hereunder (or any such acquisition proposed and not consummated)(this language regarding the \$5,000,000 amount being required to align this Agreement with the language of the 2013 Note Agreement, the 2016 Note Agreement and the 2018 Note Agreement); provided, that any such fees, costs or expenses are paid within six (6) months after the date incurred, plus (ix) transaction fees, costs and expenses incurred in connection with the consummation of any acquisition permitted hereunder (or any such acquisition proposed and not consummated); provided, that any such fees, costs or expenses are paid within six (6) months after the date the related acquisition is consummated or abandoned; plus (x) costs, charges, accruals, reserves or expenses attributable to the undertaking and/or implementation of cost savings initiatives or operating expense reductions and similar initiatives, integration, transition, and other restructuring costs, charges, accruals, reserves and expenses (including costs related to the closure or consolidation of facilities and curtailments, consulting and other professional fees, signing costs, retention or completion bonuses, executive recruiting costs, relocation expenses, severance payments and modifications to, or losses on settlement of, pension and post-retirement employee benefit plans); provided that the aggregate amount included in EBITDA pursuant to this ~~clause (x)~~ of this definition of EBITDA for the cash portion of any such costs, charges, accruals, reserves or expenses during any period shall not exceed 10% of EBITDA in the aggregate for any fiscal year (calculated prior to giving effect to any adjustment pursuant to this ~~clause (x)~~); minus (xi) any unusual non-cash gains to the extent added in computing Net Income; provided, further, clauses (vii), (ix) and (x) of this definition of "EBITDA" shall be effective only to the extent that the Administrative Agent shall have received evidence satisfactory to it that each such clause is included in the definition of "EBITDA" set forth in the 2013 Note Agreement, the 2016 Note Agreement and the 2018 Note Agreement, it being acknowledged that such clauses (vii) and (x) only are so included in the 2013 Note Agreement, the 2016 Note Agreement and the 2018 Note Agreement as of the Closing Date). EBITDA shall be calculated on a pro forma basis giving effect to Acquisitions and Asset Sales on a last twelve (12) months' basis using, for any such Acquisition, historical financial statements containing reasonable adjustments satisfactory to the Administrative Agent, broken down by fiscal quarter in the Company's reasonable judgment.

"**ECF**" means an "eligible contract participant" as defined in Section 1(a)(18) of the Commodity Exchange Act or any regulations promulgated thereunder and the applicable rules issued by the Commodity Futures Trading Commission and/or the United States Securities and Exchange Commission.

"**EEA Financial Institution**" means (a) any credit institution or investment firm established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any financial institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

"**EEA Member Country**" means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

"**EEA Resolution Authority**" means any public administrative authority or any Person entrusted with public administrative authority of any EEA Member Country (including any delegee) having responsibility for the resolution of any credit institution or investment firm established in any EEA Member Country.

"**Electronic Record**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

"**Electronic Signature**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 15 U.S.C. 7006.

"**Eligible Currency**", means any currency other than Dollars with respect to which the Administrative Agent or any Borrower has not given notice in accordance with Section 4.3(h) and that is readily available, freely traded, in which deposits are customarily offered to banks in the London interbank market, convertible into Dollars in the international interbank market available to the Lenders in such market and as to which an Equivalent Amount may be readily calculated. If, after the designation by the Lenders at the request of any Borrower of any currency as an Agreed Currency, currency control or other exchange regulations are imposed in the country in which such currency is issued with the result that different types of such currency are introduced, (i) such country's currency is, in the determination of the Administrative Agent, no longer readily available or freely traded or (ii) as to which, in the determination of the Administrative Agent, an Equivalent Amount is not readily calculable (each of clause (i) and (ii), a "**Disqualifying Event**"), then the Administrative Agent shall promptly notify the Lenders and the Borrowers, and such country's currency shall no longer be an Agreed Currency until such time as the Disqualifying Event(s) no longer exist, but in any event within five (5) Business Days of receipt of such notice from the Administrative Agent, the Borrowers shall repay all Loans in such currency to which the Disqualifying Event applies or convert such Loan into Loans in Dollars or another Agreed Currency, subject to the other terms contained in Articles II and IV.

"**Eligible Designee**" means a special purpose corporation, partnership, trust, limited partnership or limited liability company that is administered by the respective Designating Lender or an Affiliate of such Designating Lender and (i) is organized under the laws of the United States

of America or any state thereof, (ii) is engaged primarily in making, purchasing or otherwise investing in commercial loans in the ordinary course of its business and (iii) issues (or the parent of which issues) commercial paper rated at least A-1 or the equivalent thereof by S&P or P-1 or the equivalent thereof by Moody's.

"Environmental, Health or Safety Requirements of Law" means all Requirements of Law derived from or relating to foreign, federal, state and local laws or regulations relating to or addressing pollution or protection of the environment, or protection of worker health or safety, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. § 9601 *et seq.*, the Occupational Safety and Health Act of 1970, 29 U.S.C. § 651 *et seq.*, and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 *et seq.*, in each case including any amendments thereto, any successor statutes, and any regulations or guidance promulgated thereunder, and any state or local equivalent thereof.

"Environmental Lien" means a lien in favor of any Governmental Authority for (a) any liability under Environmental, Health or Safety Requirements of Law, or (b) damages arising from, or costs incurred by such Governmental Authority in response to, a Release or threatened Release of a Contaminant into the environment.

"Environmental Property Transfer Act" means any applicable requirement of law that conditions, restricts, prohibits or requires any notification or disclosure triggered by the closure of any property or the transfer, sale or lease of any property or deed or title for any property for environmental reasons, including, but not limited to, any so-called "Industrial Site Recovery Act" or "Responsible Property Transfer Act."

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Equivalent Amount" of any currency at any date shall mean the equivalent in Dollars of such currency, calculated on the basis of the arithmetic mean of the buy and sell spot rates of exchange of the Administrative Agent or an Affiliate of the Administrative Agent in the London interbank market (or other market where the Administrative Agent's foreign exchange operations in respect of such currency are then being conducted) for such other currency as reported by Reuters or any other generally recognized financial information service at or about 11:00 a.m. (local time applicable to the transaction in question) on the date on which such amount is to be determined, rounded up to the nearest amount of such currency as determined by the Administrative Agent from time to time; provided, however, that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent or an Affiliate of the Administrative Agent may use any reasonable method it deems appropriate (after consultation with the Borrower) to determine such amount, and such determination shall be conclusive absent manifest error.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time including (unless the context otherwise requires) any rules or regulations promulgated thereunder.

"ERISA Event" means (a) a Reportable Event, (b) the failure with respect to any Single Employer Plan to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived, (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Single Employer Plan, (d) the incurrence by the Company or any other member of the Controlled Group of any liability under Title IV of ERISA with respect to the termination of any Single Employer Plan, (e) the receipt by the Company or any other member of the Controlled Group from the PBGC or a plan administrator of any notice relating to an intention to terminate any Single Employer Plan or Single Employer Plans or to appoint a trustee to administer any Single Employer Plan, (f) the incurrence by the Company or any other member of the Controlled Group of any liability with respect to the withdrawal or partial withdrawal from any Single Employer Plan or Multiemployer Plan, or (g) the determination that any Single Employer Plan is, or is expected to be, in "at risk" status (within the meaning of Section 430 of the Code or Section 303 of ERISA) or (h) the receipt by the Company or any other member of the Controlled Group of any notice, or the receipt by any Multiemployer Plan from the Company or any other member of the Controlled Group of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent within the meaning of Title IV of ERISA or in "endangered" or "critical" status (within the meaning of Section 432 of the Code or Section 305 of ERISA).

"Erroneous Payment" has the meaning assigned thereto in Section 11.16(g). **"Erroneous Payment Deficiency Assignment"** has the meaning assigned thereto in Section 11.16(d).

"Erroneous Payment Return Deficiency" has the meaning assigned thereto in Section 11.16(d).

"EU Bail-In Legislation Schedule" means the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor thereto), as in effect from time to time.

"euro" means the lawful currency of the member states of the European Union which adopted the Council Regulation E.C. No. 1103/97 dated 17 June 1997 passed by the Council of the European Union, or, if different, the then lawful currency of the member states of the European Union that participate in the third stage of the Economic and Monetary Union.

"Eurocurrency Banking Day" means, (a) for Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Euros, a TARGET2 Day, or (b) for Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Yen, any day (other than a Saturday or Sunday) on which banks are open for business in Japan; ~~provided~~, that, in each case, such day is also a Business Day.

"Eurocurrency Base Rate" means, for any Eurocurrency Rate Loan for any Interest

Period:

(a) denominated in Euros, the greater of (A) the rate of interest per annum equal to the Euro Interbank Offered Rate ("**EURIBOR**") as administered by the European Money Markets Institute, or a comparable or successor administrator approved by the

Administrative Agent, for a period comparable to the applicable Interest Period, at approximately 11:00 a.m. (Brussels time) on the applicable Rate Determination Date and (B) the Floor; or

(b) denominated in Yen, the greater of (A) the rate per annum equal to the Tokyo Interbank Offered Rate ("TIBOR") as administered by the Ippan Shadan Hojin JBA TIBOR Administration, or a comparable or successor administrator approved by the Administrative Agent, for a period comparable to the applicable Interest Period, at approximately 11:00 a.m. (Tokyo time) on the applicable Rate Determination Date and (B) the Floor.

"Eurocurrency Rate" means, with respect to a Eurocurrency Rate Loan or Advance for the relevant Interest Period, the Adjusted Eurocurrency Rate applicable to such Interest Period plus the Applicable Eurocurrency/RFR Margin then in effect.

"Eurocurrency Rate Advance" means an Advance which bears interest at the Eurocurrency Rate.

"Eurocurrency Rate Loan" means a Loan made on a fully syndicated basis pursuant to Section 2.1, which bears interest at the Eurocurrency Rate.

"Eurocurrency Reserve Percentage" means, for any day, the percentage which is in effect for such day as prescribed by the FRB for determining the maximum reserve requirement (including any basic, supplemental or emergency reserves) in respect of eurocurrency liabilities or any similar category of liabilities for a member bank of the Federal Reserve System in New York City or any other reserve ratio or analogous requirement of any central banking or financial regulatory authority imposed in respect of the maintenance of the Revolving Loan Commitments or the funding of the Loans. The Adjusted Eurocurrency Rate for each outstanding Loan shall be adjusted automatically as of the effective date of any change in the Eurocurrency Reserve Percentage.

"Eurocurrency/RFR Payment Office" means, for each of the Agreed Currencies, any agency, branch or Affiliate of the Administrative Agent, specified as the "Eurocurrency/RFR Payment Office" for such Agreed Currency on Exhibit A-1 hereto or such other agency, branch, Affiliate or correspondence bank of the Administrative Agent, as it may from time to time specify to the Borrowers and each Lender as its Eurocurrency/RFR Payment Office.

"Excluded Hedging Obligation" means, with respect to any Subsidiary Guarantor or, with respect to any Borrower but only in its capacity as guarantor of any Hedging Obligations pursuant to Section 16.1 hereof (each a "Guarantor"), any Hedging Obligation if, and to the extent that, all or a portion of the guarantee of such Guarantor of such Hedging Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Guarantor's failure for any reason to constitute an ECP at the time the guarantee of such Guarantor becomes effective with respect to such Hedging Obligation. If a Hedging Obligation arises under a master agreement governing more than one swap, such

exclusion shall apply only to the portion of such Hedging Obligation that is attributable to swaps for which such guarantee is or becomes illegal.

"Excluded Taxes" means, with respect to the Administrative Agent, any Lender, any Issuing Bank or any other recipient of any payment to be made by or on account of any obligation of the Company or any Subsidiary hereunder, (a) income or franchise taxes, in each case (i) imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located or (ii) that are Other Connection Taxes, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (a) above, (c) in the case of any Non-U.S. Lender, any United States withholding tax that (i) is resulting from any law in effect on the date such Lender becomes a party to this Agreement (or designates a new lending office), except to the extent that such foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrowers with respect to any withholding tax pursuant to [Section 2.14\(E\)](#), or (ii) is attributable to such Non-U.S. Lender's failure to comply with [Section 2.14\(E\)](#) and (d) any U.S. federal withholding taxes imposed under FATCA.

"Existing Credit Agreement" means that certain Amended and Restated Credit Agreement, dated as of June 19, 2019, by and among the Company, the foreign subsidiary borrowers from time to time party thereto, the lenders from time to time party thereto and Wells Fargo, as administrative agent, as amended prior to the Closing Date.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof, any agreements entered into pursuant to Section 1471(b)(1) of the Code and any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement, treaty or convention among Governmental Authorities and implementing such Sections of the Code.

"Federal Funds Effective Rate" means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that if such rate is not so published for any day which is a Business Day, the Federal Funds Effective Rate for such day shall be the average of the quotation for such day on such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by the Administrative Agent. Notwithstanding the foregoing, if the Federal Funds Effective Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

"Fee Letters" means each of the following fee letters, as each may be amended, restated, supplemented or otherwise modified from time to time: (i) the Fee Letter among the Company, Wells Fargo and Wells Fargo Securities, LLC, dated as of September 27, 2022, (ii) the Fee Letter between the Company and JPMorgan Chase Bank, N.A., dated as of the date hereof and (iii) the Fee Letter between Company and Trust Securities, Inc., dated as of the date hereof.

"**Financial Covenant Trigger Date**" means the earlier to occur of (a) the date the 2013 Note Agreement, the 2016 Note Agreement and the 2018 Notes Agreement have all been terminated and all of the 2013 Senior Notes, the 2016 Senior Notes and the 2018 Senior Notes have been paid in full and (b) the date on which Section 10.7 (*Minimum Consolidated Net Worth*) (or any similar section or replacement thereof) of each of the 2013 Notes Agreement, the 2016 Notes Agreement and the 2018 Notes Agreement is deleted in its entirety or otherwise marked as "reserved".

"**Fitch**" means Fitch Investors Service, L.P., together with its successors and assigns. "**Fixed-Rate Loan**" means any Eurocurrency Rate Loan or Term RFR Loan bearing a fixed rate of interest for the applicable Interest Period.

"**Floating Rate**" means, for any day for any Loan or Advance, a rate per annum equal to the Alternate Base Rate for such day, changing when and as the Alternate Base Rate changes, plus the Applicable Floating Rate Margin then in effect.

"**Floating Rate Advance**" means an Advance which bears interest at the Floating Rate. "**Floating Rate Loan**" means a Loan, or portion thereof, which bears interest at the Floating Rate.

"**Floor**" means a rate of interest equal to 0%.

"**Foreign Subsidiary**" means any Subsidiary that is not a Domestic Incorporated Subsidiary.

"**Foreign Subsidiary Borrower**" means Woodward Aken, and any other Foreign Subsidiary that has been designated as a Foreign Subsidiary Borrower pursuant to Section 2.23 and that has not ceased to be a Foreign Subsidiary Borrower pursuant to such Section.

"**Foreign Subsidiary Guarantor**" means, with respect to Woodward Aken, Woodward L'Orange GmbH, and, with respect to any Foreign Subsidiary Borrower, each of such Foreign Subsidiary Borrower's Significant Foreign Subsidiaries to the extent that, in the reasonable judgment of the Company and the Administrative Agent, such guaranty would not result in any unreasonably adverse tax obligations as a result thereof, and to the extent such guaranty is not prohibited by applicable laws or regulations, and "**Foreign Subsidiary Guarantors**" means all such guarantors, collectively.

"**Foreign Subsidiary Guaranty**" means each of (x) Section 16.1 hereof with respect to any Foreign Subsidiary Guarantor that is also a Foreign Subsidiary Borrower, and (y) any of those certain Foreign Subsidiary Guaranties, in the form attached hereto as [Exhibit 1.2](#), executed by the Foreign Subsidiary Guarantors in favor of the Administrative Agent, for the ratable benefit of the Lenders, the Swing Line Bank and the Issuing Banks (as each of the same may be amended, restated, supplemented or otherwise modified) whereby Foreign Subsidiary Guarantors unconditionally guarantee all of the indebtedness, obligations and liabilities of their Foreign Subsidiary Borrower (parent corporation) arising under or in connection with the Loan Documents.

"**FRB**" means the Board of Governors of the Federal Reserve System of the United States.

"**Fund**" means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

"**German Obligor**" means a member of the Obligor Group organized as a German GmbH. "**Governmental Acts**" is defined in Section 2.10(A) hereof.

"**Governmental Authority**" means any nation or government, any federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative authority or functions of or pertaining to government, including any authority or other quasi-governmental entity established to perform any of such functions.

"**Hedging Agreements**" is defined in Section 7.3(1) hereof.

"**Hedging Arrangements**" is defined in the definition of "Hedging Obligations" below. "**Hedging Obligations**" of a Person means any and all obligations of such Person, whether absolute or contingent and whatsoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all agreements, devices or arrangements designed to protect at least one of the parties thereto from the fluctuations of interest rates, commodity prices, exchange rates or forward rates applicable to such party's assets, liabilities or exchange transactions, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants or any similar derivative transactions ("**Hedging Arrangements**"), and (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any of the foregoing.

"**Increasing Lender**" is defined in Section 2.22 hereof. "**Incremental Term Loan**" is defined in Section 2.22 hereof.

"**Incremental Term Loan Amendment**" is defined in Section 2.22 hereof.

"**Indebtedness**" of a person means, without duplication, such Person's (i) obligations for borrowed money, including, without limitation, subordinated indebtedness, (ii) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such person's business payable on terms customary in the trade and other than earn-outs or other similar forms of contingent purchase prices), (iii) obligations, whether or not assumed, secured by Liens on or payable out of the proceeds or production from property or assets now or hereafter owned or acquired by such Person, (iv) obligations which are evidenced by notes, acceptances, or other instruments, (v) Capitalized Lease Obligations, (vi) Contingent Obligations with respect to the Indebtedness of other Persons, (vii) obligations with respect to drawn letters of credit, (viii) Off-Balance Sheet Liabilities, (ix) Receivables Facility Attributed Indebtedness, (x) Disqualified Stock, and (xi) net Hedging Obligations. The amount of

Indebtedness of any Person at any date shall be without duplication (i) the outstanding balance at such date of all unconditional obligations as described above and the maximum liability of any such Contingent Obligations at such date and (ii) in the case of Indebtedness of others secured by a Lien to which the property or assets owned or held by such Person is subject, the lesser of the fair market value at such date of any asset subject to a Lien securing the Indebtedness of others and the amount of the Indebtedness secured. Notwithstanding the foregoing, the term "Indebtedness" shall not include (i) deferred or prepaid revenue and (ii) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligations of the seller.

"**Indemnified Matters**" is defined in Section 10.7(B) hereof. "**Indemnitees**" is defined in Section 10.7(B) hereof.

"**Initial Obligor Group**" means each member of the Obligor Group as of the Closing Date. "**InsO**" means the German Insolvency Act (*Insolvenzordnung*).

"**Intercreditor Agreement**" means the Second Amended and Restated Intercreditor Agreement, dated as of July 10, 2013 (the form of which is attached hereto as Exhibit K), by and among the Administrative Agent, the 2013 Senior Noteholders, the 2016 Senior Noteholders, the 2018 Senior Noteholders and any other credit provider to the Company which may become party thereto from time to time, as the same may be amended, restated, supplemented, or otherwise modified from time to time.

"**Interest Expense**" means, without duplication, for any period, the total interest expense of the Company and its consolidated Subsidiaries, whether paid or accrued (including the interest component of Capitalized Leases, commitment, facility and letter of credit fees, Off-Balance Sheet Liabilities and net payments or receipts (if any) pursuant to Hedging Arrangements relating to interest rate protection), all as determined in conformity with Agreement Accounting Principles.

"**Interest Period**" means, as to any Eurocurrency Rate Loan or Term RFR Loan, the period commencing on the date such Loan is disbursed or converted to or continued as a Eurocurrency Rate Loan or Term RFR Loan, as applicable, and ending on the date one (1), three (3) or six (6) months thereafter, in each case as selected by the applicable Borrower in its Borrowing/Election Notice and subject to availability; provided that:

(a) the Interest Period shall commence on the date of advance of or conversion to any Eurocurrency Rate Loan or Term RFR Loan, as applicable, and, in the case of immediately successive Interest Periods, each successive Interest Period shall commence on the date on which the immediately preceding Interest Period expires;

(b) if any Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; provided that if any Interest Period would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the immediately preceding Business Day;

(c) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month at the end of such Interest Period;

(d) no tenor that has been removed from this definition pursuant to [Section 4.3\(c\)\(ix\)](#) shall be available for specification in any Borrowing/Election Notice.

"**IRS**" means the Internal Revenue Service and any Person succeeding to the functions thereof.

"**Issuing Banks**" means each of Wells Fargo and JPMorgan Chase Bank, N.A. or, in each case, any of its Affiliates, or any other Lender in its separate capacity as an issuer of Letters of Credit pursuant to [Section 3.1](#). The designation of any Lender as an Issuing Bank after the date hereof shall be subject to the prior written consent of such Lender and of the Administrative Agent, which consent of the Administrative Agent shall not be unreasonably withheld or delayed.

"**Japanese Yen**" means the lawful currency of Japan.

"**Joint Venture**" means any Person in which the Company and its Subsidiaries, collectively, own up to (but not more than) 50% of the Capital Stock thereof.

"**Last Twelve-Month Period**" means, with respect to any fiscal quarter, the four-fiscal quarter period ending on the last day of such fiscal quarter.

"**L/C Commitment**" means, as to any Issuing Bank, the obligation of such Issuing Bank to issue Letters of Credit for the account of the Borrowers from time to time in an aggregate amount equal to (a) for each of the Issuing Banks as of the Closing Date, the amount set forth opposite the name of each such Issuing Bank on Exhibit A and (b) for any other Issuing Bank becoming an Issuing Bank after the Closing Date, such amount as separately agreed to in a written agreement between the Borrower and such Issuing Bank (which such agreement shall be promptly delivered to the Administrative Agent upon execution), in each case of clauses (a) and (b) above, any such amount may be changed after the Closing Date in a written agreement between the Borrower and such Issuing Bank (which such agreement shall be promptly delivered to the Administrative Agent upon execution); *provided that* the L/C Commitment with respect to any Person that ceases to be an Issuing Bank for any reason pursuant to the terms hereof shall be \$0 (subject to the Letters of Credit of such Person remaining outstanding in accordance with the provisions hereof).

"**L/C Documents**" is defined in [Section 3.4](#) hereof.

"**L/C Draft**" means a draft drawn on an Issuing Bank pursuant to a Letter of Credit. "**L/C Interest**" shall have the meaning ascribed to such term in [Section 3.6](#) hereof.

"**L/C Obligations**" means, without duplication, an amount equal to the sum of (i) the aggregate of the Dollar Amount then available for drawing under each of the Letters of Credit and (ii) the aggregate outstanding Dollar Amount of all Reimbursement Obligations at such time. The

L/C Obligations of any Lender at any time shall be its Pro Rata Share of the total L/C Obligations at such time.

"**Lenders**" means the lending institutions listed on the signature pages of this Agreement or parties to Assignment Agreements delivered pursuant to Section 13.3, including the Issuing Banks, the Swing Line Banks and each of their respective successors and assigns.

"**Lending Installation**" means, with respect to a Lender or the Administrative Agent, any office, branch, subsidiary or affiliate of such Lender or the Administrative Agent. For the avoidance of doubt, a Lending Installation shall be deemed to be a Lender for purposes of this Agreement.

"**Letter of Credit**" means the standby letters of credit (i) to be issued by the Issuing Banks pursuant to Section 3.1, hereof or (ii) deemed issued by an Issuing Bank pursuant to Section 3.2 hereof.

"**Leverage Ratio**" is defined in Section 7.4(A) hereof.

"**Leverage Ratio Increase Requirements**" means, in connection with any request by the Company to increase the maximum Leverage Ratio permitted under Section 7.4(A) as described therein, the following:

(i) the Company delivers such request in writing to the Administrative Agent at least three (3) Business Days prior to the date on which such request is to be given effect;

(ii) such request is delivered in connection with an Acquisition that meets the following criteria: (1) such Acquisition is for net consideration of at least \$50,000,000, and (2) the Leverage Ratio exceeds 3.00 to 1.00 after giving effect to such Acquisition (as demonstrated by the Company on a pro forma basis to the Administrative Agent's satisfaction);

(iii) the maximum permitted leverage ratio under each of the 2013 Note Agreement, the 2016 Note Agreement and the 2018 Note Agreement is at least equal to the maximum Leverage Ratio as increased pursuant to the conditions set forth herein (and continues to be at least equal to such increased maximum Leverage Ratio for the duration of the increase); and

(iv) if the Leverage Ratio has previously been increased as permitted under Section 7.4(A), then immediately prior to such request to increase the maximum Leverage Ratio, the maximum Leverage Ratio in effect pursuant to Section 7.4(A) was not in excess of 3.50 to 1.00 for the two fiscal quarters most recently ended.

"**Lien**" means any lien (statutory or other), mortgage, land charge, pledge, hypothecation, assignment, security transfer, deposit arrangement, encumbrance or preference, priority or security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease, retention of title arrangement (*Eigentumsvorbehalt*), extended retention of title arrangement (*verlängerter Eigentumsvorbehalt*) or other title retention agreement).

"**Loan(s)**" means, with respect to a Lender, such Lender's portion of any Advance made pursuant to Section 2.1 hereof, as applicable, and in the case of the Swing Line Bank, any Swing Line Loan made pursuant to Section 2.2 hereof, and collectively, all Revolving Loans and Swing Line Loans, whether made or continued as or converted to Floating Rate Loans, Daily Simple RFR Loans or Fixed-Rate Loans.

"**Loan Account**" is defined in Section 2.12(A) hereof.

"**Loan Documents**" means this Agreement, any promissory notes executed pursuant to Section 2.12(D), the Domestic Subsidiary Guaranty, the Foreign Subsidiary Guaranty, the Intercreditor Agreement, and all other documents, instruments, notes and agreements executed in connection therewith or contemplated thereby, in each case, as the same may be amended, restated or otherwise modified and in effect from time to time.

"**Margin Stock**" shall have the meaning ascribed to such term in Regulation U. "**Material Adverse Effect**" means a material adverse effect upon (a) the business, financial condition, operations, assets, or properties of the Company and its Subsidiaries, taken as a whole, (b) the ability of the Company or any of its Subsidiaries to perform its material obligations under the Loan Documents, or (c) the ability of the Lenders or the Administrative Agent to enforce the material Obligations.

"**Moody's**" means Moody's Investors Service, Inc., together with its successors and assigns.

"**Multemployer Plan**" means a "Multemployer Plan" as defined in Section 4001(a)(3) of ERISA which is, or within the immediately preceding six (6) years was, contributed to by either the Company or any member of the Controlled Group or with respect to which the Company would reasonably be expected to have liability (including liability on behalf of any member of the Controlled Group).

"**Net Domestic Indebtedness**" means, as of any date of determination, the excess, if any, of (i) Indebtedness of the Company, its Domestic Incorporated Subsidiaries and its Foreign Subsidiaries that are not Foreign Subsidiary Borrowers as of such date over (ii) the Unrestricted Domestic Cash Amount as of such date.

"**Net Foreign Subsidiary Borrower Indebtedness**" means, as of any date of determination, the excess, if any, of (i) Indebtedness of the Foreign Subsidiary Borrowers as of such date over (ii) the Unrestricted Foreign Subsidiary Borrower Cash Amount as of such date.

"**Net Income**" means, for any period, the net income (or loss) after taxes of the Company and its Subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with Agreement Accounting Principles; provided, that (i) no income (or loss) of any Joint Venture shall be included in Net Income other than cash dividends or other distributions actually paid to Company or any of its Subsidiaries by such Joint Venture during such period, and (ii) there shall be excluded from Net Income the income of any Subsidiary of the Company to the extent that the declaration or payment of dividends or similar distributions by that Subsidiary of that income is not at the time permitted by operation of the terms of its charter or

any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary.

"Net Indebtedness" means, as of any date of determination, the sum of Net Foreign Subsidiary Borrower Indebtedness and Net Domestic Indebtedness.

"Non-Extending Lender" is defined in Section 2.25(B) hereof. **"Notice Date"** is defined in Section 2.25(B) hereof.

"Obligations" means all Loans, L/C Obligations, advances, debts, liabilities, obligations, covenants and duties owing by the Company or any of its Subsidiaries to the Administrative Agent, any Lender, the Swing Line Bank, the Arrangers, any Co-Syndication Agent, any Affiliate of the Administrative Agent or any Lender, the Issuing Bank, or any Indemnitee, of any kind or nature, present or future, arising under this Agreement, the L/C Documents, the Domestic Subsidiary Guaranty, the Foreign Subsidiary Guaranty, or any other Loan Document, whether or not evidenced by any note, guaranty or other instrument, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, guaranty, indemnification, or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired. The term includes, without limitation, all Hedging Obligations owing under Hedging Agreements to any Lender or any Affiliate of any Lender, all interest, charges, expenses, fees, attorneys' fees and disbursements, paralegals' fees (in each case whether or not allowed), and any other sum chargeable to the Company or any of its Subsidiaries under this Agreement or any other Loan Document; provided, however, that the definition of 'Obligations' shall not create any guarantee by the Company or any Subsidiary Guarantor of any Excluded Hedging Obligations of such party for purposes of determining any obligations of any such party.

"Obligor Group" means (a) the Borrowers and (b) the Subsidiary Guarantors.

"OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control.

"Off-Balance Sheet Liabilities" of a person means (a) any Receivables Facility Attributed Indebtedness and repurchase obligations or liabilities of such Person or any of its Subsidiaries with respect to Receivables or notes receivable sold by such Person or any of its Subsidiaries, (b) any liabilities of such Person or any of its Subsidiaries under any sale and leaseback transactions which do not create liabilities on the consolidated balance sheet of such Person, (c) any liabilities of such Person or any of its Subsidiaries under any financing lease or so-called "synthetic" lease transaction, or (d) any obligations of such Person or any of its Subsidiaries arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which, in the case of the foregoing clauses (a) through (d), does not constitute a liability on the consolidated balance sheets of such Person and its Subsidiaries.

"Original Currency" is defined in Section 2.11(B) hereof.

"Other Connection Taxes" means, with respect to the Administrative Agent, any Lender, or any Issuing Bank, Taxes imposed as a result of a present or former connection between such Person and the jurisdiction imposing such Tax (other than connections arising from such Person

having executed, delivered, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, engaged in any other transaction pursuant to or enforced any Loan Document, or sold or assigned an interest in any Loan or Loan Document).

"**Other Taxes**" is defined in Section 2.14(E)(ii) hereof.

"**Overnight Rate**" means, for any day, (a) with respect to any amount denominated in Dollars, the greater of (i) the Federal Funds Effective Rate and (ii) an overnight rate determined by the Administrative Agent (or to the extent payable to an Issuing Bank or the Swing Line Bank, such Issuing Bank or Swing Line Bank, as applicable, in each case, with notice to the Administrative Agent) to be customary in the place of disbursement or payment for the settlement of international banking transactions, and (b) with respect to any amount denominated in an Alternative Currency, an overnight rate determined by the Administrative Agent (or to the extent payable to an Issuing Bank or the Swing Line Bank, such Issuing Bank or Swing Line Bank, as applicable, in each case, with notice to the Administrative Agent) to be customary in the place of disbursement or payment for the settlement of international banking transactions.

"**Parent**" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a Subsidiary.

"**Participants**" is defined in Section 13.2(A) hereof.

"**PATRIOT Act**" means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (Title III of Pub. L. 107-56 (signed into law October 25, 2001)).

"**Payment Date**" means the last Business Day of each March, June, September and December and the Termination Date.

"**Payment Recipient**" has the meaning assigned thereto in Section 11.16(a). "**PBGC**" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"**Permitted Existing Contingent Obligations**" means the Contingent Obligations of the Company and its Subsidiaries identified as such on Schedule 1.1.4 to this Agreement.

"**Permitted Existing Indebtedness**" means the Indebtedness of the Company and its Subsidiaries identified as such on Schedule 1.1.1 to this Agreement.

"**Permitted Existing Liens**" means the Liens on assets of the Company and its Subsidiaries existing on the Closing Date and, other than any such Liens which individually or in the aggregate secure obligations not exceeding \$10,000,000 in the aggregate, which are identified as such on Schedule 1.1.3 to this Agreement.

"**Permitted Refinancing Indebtedness**" means any replacement, renewal, refinancing or extension of any Indebtedness permitted by this Agreement that (i) does not exceed the aggregate maximum principal amount of and maximum unused commitments under (in each case, giving effect to any permitted increases expressly provided for therein), and accrued interest and any

applicable premium and associated fees and expenses of, the Indebtedness being replaced, renewed, refinanced or extended, (ii) does not have a Weighted Average Life to Maturity at the time of such replacement, renewal, refinancing or extension that is less than the Weighted Average Life to Maturity of the Indebtedness being replaced, renewed, refinanced or extended, (iii) does not rank at the time of such replacement, renewal, refinancing or extension senior to the Indebtedness being replaced, renewed, refinanced or extended, and (iv) does not contain terms (including, without limitation, terms relating to security, covenants, subordination, event of default and remedies) materially less favorable to the Company than those applicable to the Indebtedness being replaced, renewed, refinanced or extended.

"Person" means any individual, corporation, firm, enterprise, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company or other entity of any kind, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee benefit plan defined in Section 3(3) of ERISA in respect of which the Company or any of its Subsidiaries is an "employer" as defined in Section 3(5) of ERISA (but excluding Multiemployer Plans).

"Pricing Grid Leverage Ratio" means the Leverage Ratio, provided, that when determining the Unrestricted Domestic Cash Amount and Unrestricted Foreign Subsidiary Borrower Cash Amount components thereof, up to \$200,000,000 in the aggregate may be deducted in the calculation of Net Domestic Indebtedness and Net Foreign Subsidiary Borrower Indebtedness (as opposed to the individual \$20,000,000 limitations that are otherwise set forth in such definitions).

"Prime Rate" means the rate of interest per annum publicly announced from time to time by Wells Fargo as its prime rate in effect at its principal office; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective. The parties hereto acknowledge that the rate announced publicly by Wells Fargo as its prime rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks.

"Pro Rata Share" means, with respect to any Lender, the percentage obtained by dividing

- (x) such Lender's Revolving Loan Commitment at such time (in each case, as adjusted from time to time in accordance with the provisions of this Agreement) by (y) the Aggregate Revolving Loan Commitment at such time, provided, however, if all of the Revolving Loan Commitments are terminated pursuant to the terms of this Agreement, then "Pro Rata Share" means the percentage obtained by dividing (x) the sum of (A) such Lender's Revolving Loans, plus (B) such Lender's share of the obligations to purchase participations in Swing Line Loans and Letters of Credit, by
- (y) the sum of (A) the aggregate outstanding amount of all Revolving Loans, plus (B) the aggregate outstanding amount of all Swing Line Loans and all Letters of Credit. Notwithstanding the foregoing, in the case of Section 2.24, when a Defaulting Lender shall exist, each Defaulting Lender's Revolving Loan Commitment, Revolving Loans and share of Swing Line Loans and Letters of Credit shall be disregarded as contemplated by Section 2.24 when determining "Pro Rata Share" hereunder.

"Property Reinvestment Application" means, with respect to any Asset Sale of property, the application of an amount equal to the net proceeds received with respect to such Asset Sale to the acquisition by the Company or any Subsidiary of property of a similar nature (excluding, for the avoidance of doubt, cash or Cash Equivalents), and of at least equivalent fair market value to the property subject to such Asset Sale, to be used in the ordinary course of business of such Person.

"PTE" means a prohibited transaction class exemption issued by the U.S. Department of Labor, as any such exemption may be amended from time to time.

"Purchasers" is defined in Section 13.3(A).

"Rate Determination Date" means, with respect to any Interest Period, two (2) Eurocurrency Banking Days prior to the commencement of such Interest Period (or such other day as is generally treated as the rate fixing day by market practice in the applicable interbank market, as determined by the Administrative Agent; provided that to the extent that such market practice is not administratively feasible for the Administrative Agent, such other day as otherwise reasonably determined by the Administrative Agent).

"Rate Option" means the Eurocurrency Rate, Adjusted Daily Simple RFR Rate, Term RFR Rate or the Floating Rate, as applicable.

"Receivable(s)" means and includes all of the Company's and each Subsidiary's presently existing and hereafter arising or acquired accounts, accounts receivable, and all present and future rights of the Company or such Subsidiary to payment for goods sold or leased or for services rendered in the ordinary course of the Company's or such Subsidiary's business (except those evidenced by instruments or chattel paper), whether or not they have been earned by performance, and all rights in any merchandise or goods which any of the same may represent, and all rights, title, security and guarantees with respect to each of the foregoing, including, without limitation, any right of stoppage in transit.

"Receivables Facility Attributed Indebtedness" means the amount of obligations outstanding under a receivables purchase facility on any date of determination that would be characterized as principal if such facility were structured as a secured lending transaction rather than as a purchase; provided that, in no event shall any invoice sale without recourse be deemed Receivables Facility Attributed Indebtedness.

"Register" is defined in Section 13.3(D) hereof.

"Regulation T" means Regulation T of the FRB as from time to time in effect and any successor or other regulation or official interpretation of said FRB relating to the extension of credit by and to brokers and dealers of securities for the purpose of purchasing or carrying margin stock (as defined therein).

"Regulation U" means Regulation U of the FRB as from time to time in effect and any successor or other regulation or official interpretation of said FRB relating to the extension of credit by banks, non-banks and non-broker lenders for the purpose of purchasing or carrying Margin Stock applicable to member banks of the Federal Reserve System.

"Regulation X" means Regulation X of the FRB as from time to time in effect and any successor or other regulation or official interpretation of said FRB relating to the extension of credit by foreign lenders for the purpose of purchasing or carrying margin stock (as defined therein).

"Reimbursement Obligation" is defined in Section 3.7 hereof.

"Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, including the movement of Contaminants through or in the air, soil, surface water or groundwater.

"Relevant Governmental Body" means (a) with respect to a Benchmark Replacement in respect of Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Dollars, the FRB or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the FRB or the Federal Reserve Bank of New York, or any successor thereto and (b) with respect to a Benchmark Replacement in respect of Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, any Alternative Currency, (i) the central bank for the Agreed Currency in which such Obligations, interest, fees, commissions or other amounts are denominated, or calculated with respect to, or any central bank or other supervisor which is responsible for supervising either (A) such Benchmark Replacement or (B) the administrator of such Benchmark Replacement or (ii) any working group or committee officially endorsed or convened by (A) the central bank for the Agreed Currency in which such Obligations, interest, fees, commissions or other amounts are denominated, or calculated with respect to, (B) any central bank or other supervisor that is responsible for supervising either (1) such Benchmark Replacement or (2) the administrator of such Benchmark Replacement, (C) a group of those central banks or other supervisors or (D) the Financial Stability Board or any part thereof.

"Replacement Lender" is defined in Section 2.19 hereof.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Single Employer Plan, excluding, however, such events as to which the PBGC by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days after such event occurs.

"Request for Letter of Credit" is defined in Section 3.4(A) hereof.

"Required Lenders" means, at any time, Lenders (other than Defaulting Lenders) having Revolving Credit Obligations and unused Revolving Loan Commitments representing more than 50% of the sum of the total Revolving Credit Obligations and unused Revolving Loan Commitments at such time.

"Requirements of Law" means, as to any Person, the charter and by-laws or other organizational or governing documents of such Person, and any law, rule or regulation, or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject including, without limitation, the Securities Act, the Securities Exchange Act of 1934, Regulations T, U and X, ERISA, the Fair Labor Standards Act, the Worker Adjustment and

Retraining Notification Act, Americans with Disabilities Act of 1990, rules, regulations and executive orders administered and enforced by OFAC, and any certificate of occupancy, zoning ordinance, building, environmental or land use requirement or permit or environmental, labor, employment, occupational safety or health law, rule or regulation, including Environmental, Health or Safety Requirements of Law.

"Resolution Authority" means an EEA Resolution Authority or, with respect to any UK Financial Institution, a UK Resolution Authority.

"Revolving Credit Availability" means, at any particular time, the amount by which (x) the Aggregate Revolving Loan Commitment at such time exceeds (y) the Dollar Amount of the Revolving Credit Obligations outstanding at such time.

"Revolving Credit Obligations" means, at any particular time, the sum of (i) the outstanding principal Dollar Amount of the Revolving Loans at such time, plus (ii) the outstanding principal amount of the Swing Line Loans at such time, plus (iii) the Dollar Amount of outstanding L/C Obligations at such time.

"Revolving Loan" is defined in Section 2.1 hereof.

"Revolving Loan Commitment" means, for each Lender, the obligation of such Lender to make Revolving Loans and to purchase participations in Letters of Credit and to participate in Swing Line Loans in an aggregate amount not exceeding the amount set forth on Exhibit A to this Agreement opposite its name thereon under the heading "Revolving Loan Commitment" or the signature page of the Assignment Agreement by which it became a Lender, as such amount may be modified from time to time pursuant to the terms of this Agreement or to give effect to any applicable Assignment Agreement.

"Revolving Loan Termination Date" means October 21, 2027 as such date may be extended pursuant to Section 2.25.

"RFR" means, for any Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, (a) Dollars, Term SOFR and (b) British Pounds Sterling, SONIA.

"RFR Advance" means a Term RFR Advance or Daily Simple RFR Advance, as the context may require.

"RFR Business Day" means, for any Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, (a) Dollars, any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities and (b) British Pounds Sterling, any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which banks are closed for general business in London, provided, that such day is also a Business Day.

"RFR Loan" means a Daily Simple RFR Loan or a Term RFR Loan, as the context may require.

"RFR Rate Day" means any day pursuant to which any calculation of Adjusted Daily Simple RFR is made.

"S&P" means Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, together with its successors and assigns.

"Sanctioned Country" means, at any time, a country, region or territory which is itself the subject or target of any comprehensive Sanctions (at the time of this Agreement, Crimea, Cuba, Iran, North Korea, Syria, and the Crimea, the so-called Donetsk People's Republic and the so-called Luhansk People's Republic regions of Ukraine).

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC, the U.S. Department of State, the United Nations Security Council, the European Union, any European Union member state or His Majesty's Treasury of the United Kingdom, (b) any Person located, organized or resident in a Sanctioned Country or (c) any Person owned or controlled by any such Person or Persons described in the foregoing clauses (a) or (b).

"Sanctions" means all economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State or (b) the United Nations Security Council, the European Union, any European Union member state or His Majesty's Treasury of the United Kingdom.

"Securities Act" means the Securities Act of 1933, as amended from time to time. **"Senior Indebtedness"** means all Indebtedness evidenced by the 2013 Senior Notes, the 2016 Senior Notes and the 2018 Senior Notes and all other Indebtedness of the Company or its Subsidiaries for money borrowed ranking *pari passu* or senior in right of payment with the Indebtedness evidenced by the 2013 Senior Notes, the 2016 Senior Notes, the 2018 Senior Notes and the guaranties thereof.

"Significant Domestic Incorporated Subsidiary" means any Domestic Incorporated Subsidiary whose assets or sales represent more than 10% of the Company's and its Subsidiaries' Consolidated Assets or consolidated sales, with any determination of Consolidated Assets and consolidated sales based upon amounts shown in the Company's most recently delivered annual consolidated financial statements.

"Significant Foreign Subsidiary" means the Foreign Subsidiary Borrowers and any other Foreign Subsidiary of the Company whose assets represent more than 10% of the Company's and its Subsidiaries' Consolidated Assets, with such determination of such Foreign Subsidiary's assets and the Consolidated Assets being based upon amounts shown in the Company's most recently delivered annual consolidated financial statements.

"Significant Subsidiary" means either a Significant Domestic Incorporated Subsidiary or a Significant Foreign Subsidiary.

"Single Employer Plan" means an employee benefit pension plan defined in Section 3(2) of ERISA (other than a Multiemployer Plan that is subject to Section 412 of the Code or Section 302 or Title IV of ERISA) in respect of which the Company or any member of the Controlled Group is, or within the immediately preceding six (6) years was, an "employer" as defined in Section 3(5) of ERISA or with respect to which the Company would reasonably be expected to have liability (including on account of a member of the Controlled Group).

"SOFR" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"SONIA" means a rate equal to the Sterling Overnight Index Average as administered by the SONIA Administrator.

"SONIA Adjustment" means a percentage equal to 0.0326% per annum.

"SONIA Administrator" means the Bank of England (or any successor administrator of the Sterling Overnight Index Average).

"SONIA Administrator's Website" means the Bank of England's website, currently at <http://www.bankofengland.co.uk>, or any successor source for the Sterling Overnight Index Average identified as such by the SONIA Administrator from time to time.

"Special Notice Currency" means, at any time, an Alternative Currency other than the currency of a country that is a member of the Organization for Economic Cooperation and Development at such time located in North America.

"Subsidiary" of a Person means (i) any corporation more than fifty percent (50%) of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (ii) any partnership, limited liability company, association, joint venture or similar business organization more than fifty percent (50%) of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" means a Subsidiary of the Company.

"Subsidiary Borrower" means a Domestic Subsidiary Borrower or a Foreign Subsidiary Borrower.

"Subsidiary Guarantors" means the Domestic Subsidiary Guarantors and the Foreign Subsidiary Guarantors, together with their respective successors and assigns.

"Swing Line Bank" means Wells Fargo or any other Lender as a successor Swing Line Bank pursuant to the terms hereof.

"**Swing Line Commitment**" means the obligation of the Swing Line Bank to make Swing Line Loans to any Borrower up to a maximum principal amount of \$90,000,000 at any one time outstanding.

"**Swing Line Currency**" means (i) Dollars, and (ii) so long as such currency remains an Eligible Currency, British Pounds Sterling and euro.

"**Swing Line Exposure**" means, at any time, the aggregate principal amount of all Swing Line Loans outstanding at such time. The Swing Line Exposure of any Lender shall be its Pro Rata Share of the total Swing Line Exposure at such time.

"**Swing Line Loan**" is defined in Section 2.2(A).

"**Swing Line Repayment Date**" is defined in Section 2.2(D).

"**TARGET2**" means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) payment system (or, if such payment system ceases to be operative, such other payment system (if any) reasonably determined by the Administrative Agent to be a suitable replacement) for the settlement of payments in euro.

"**TARGET2 Day**" means a day that TARGET2 is open for the settlement of payments in

euro.

"**Taxes**" is defined in Section 2.14(E)(i) hereof.

"**Term RFR Advance**" an Advance which bears interest at the Term RFR Rate other than

pursuant to clause (c) of the definition of "Alternate Base Rate".

"**Term RFR**" means, with respect to any Agreed Currency for any Interest Period, a rate per annum equal to, for any Obligations, interest, fees, commissions or other amounts denominated in, or calculated with respect to, Dollars, Adjusted Term SOFR.

"**Term RFR Loan**" means any Loan that bears interest at a rate based on Term RFR Rate other than pursuant to clause (c) of the definition of "Alternate Base Rate".

"**Term RFR Rate**" means, with respect to a Term RFR Loan or Advance for the relevant Interest Period, the Term RFR applicable to such Interest Period plus the Applicable Eurocurrency/RFR Margin then in effect.

"**Term SOFR**" means,

(a) for any calculation with respect to a Term RFR Loan, the Term SOFR Reference Rate for a tenor comparable to the applicable Interest Period on the day (such day, the "**Periodic Term SOFR Determination Day**") that is two RFR Business Days prior to the first day of such Interest Period, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (Eastern time) on any Periodic Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not

occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding RFR Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding RFR Business Day is not more than three (3) RFR Business Days prior to such Periodic Term SOFR Determination Day, and

(b) for any calculation with respect to a Floating Rate Loan on any day, the Term SOFR Reference Rate for a tenor of one month on the day (such day, the "**ABR Term SOFR Determination Day**") that is two (2) RFR Business Days prior to such day, as such rate is published by the Term SOFR Administrator; provided, however, that if as of 5:00 p.m. (Eastern time) on any ABR Term SOFR Determination Day the Term SOFR Reference Rate for the applicable tenor has not been published by the Term SOFR Administrator and a Benchmark Replacement Date with respect to the Term SOFR Reference Rate has not occurred, then Term SOFR will be the Term SOFR Reference Rate for such tenor as published by the Term SOFR Administrator on the first preceding RFR Business Day for which such Term SOFR Reference Rate for such tenor was published by the Term SOFR Administrator so long as such first preceding RFR Business Day is not more than three (3) RFR Business Days prior to such ABR Term SOFR Determination Day.

"**Term SOFR Administrator**" means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Administrative Agent in its reasonable discretion).

"**Term SOFR Reference Rate**" means the forward-looking term rate based on SOFR. "**Termination Date**" means the earlier of (a) the Revolving Loan Termination Date, and (b) the date of termination in whole of the Aggregate Revolving Loan Commitment pursuant to [Section 2.5](#) hereof or the Revolving Loan Commitments pursuant to [Section 2.1](#) hereof.

"**TIBOR**" has the meaning assigned thereto in the definition of "Eurocurrency Rate". "**Transferee**" is defined in [Section 13.4](#).

"**Transitional Letter of Credit**" is defined in [Section 3.2](#).

"**Type**" means, with respect to any Loan, its nature as Floating Rate Loans, Eurocurrency Rate Loans, Daily Simple RFR Loans or Term RFR Loans.

"**UK Financial Institution**" means any BRRD Undertaking (as such term is defined under the PRA Rulebook (as amended from time to time) promulgated by the United Kingdom Prudential Regulation Authority) or any person falling within IFPRU 11.6 of the FCA Handbook (as amended from time to time) promulgated by the United Kingdom Financial Conduct Authority, which includes certain credit institutions and investment firms, and certain affiliates of such credit institutions or investment firms.

"**UK Resolution Authority**" means the Bank of England or any other public administrative authority having responsibility for the resolution of any UK Financial Institution.

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"Unmatured Default" means an event which, but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Unrestricted Domestic Cash Amount" means, as of any date of determination, that portion of the Company's and its consolidated Subsidiaries' (other than Foreign Subsidiary Borrowers') aggregate cash and Cash Equivalents in excess of \$10,000,000 that is in the United States of America and that is not encumbered by or subject to any Lien (including, without limitation, any Lien permitted hereunder), setoff (other than ordinary course setoff rights of a depository bank arising under a bank depository agreement for customary fees, charges and other account-related expenses due to such depository bank thereunder), counterclaim, recoupment, defense or other right in favor of any Person; provided, however, that, notwithstanding the actual amount of the Unrestricted Domestic Cash Amount, the aggregate amount of the Unrestricted Domestic Cash Amount that may be deducted in the calculation of Net Domestic Indebtedness shall not exceed (x) prior to the Cash Netting Trigger Date, \$20,000,000 and (y) thereafter, the excess, if any, of (i) \$200,000,000 over (ii) the aggregate amount of Unrestricted Foreign Subsidiary Borrower Cash Amount deducted from Net Foreign Subsidiary Borrower Indebtedness.

"Unrestricted Foreign Subsidiary Borrower Cash Amount" means, as of any date of determination, that portion of the aggregate cash and Cash Equivalents held by any Foreign Subsidiary Borrower and that portion of the aggregate cash and Cash Equivalents otherwise freely accessible to any Foreign Subsidiary Borrower pursuant to intercompany pooling arrangements from accounts domiciled in Europe in excess of \$10,000,000 that is not encumbered by or subject to any Lien (including, without limitation, any Lien permitted hereunder), setoff (other than ordinary course setoff rights of a depository bank arising under a bank depository agreement for customary fees, charges and other account-related expenses due to such depository bank thereunder), counterclaim, recoupment, defense or other right in favor of any Person; provided, however, that, notwithstanding the actual amount of the Unrestricted Foreign Subsidiary Borrower Cash Amount, the aggregate amount of the Unrestricted Foreign Subsidiary Borrower Cash Amount that may be deducted in the calculation of Net Foreign Subsidiary Borrower Indebtedness shall not exceed (x) prior to the Cash Netting Trigger Date, \$20,000,000 and (y) thereafter, the excess, if any, of (i) \$200,000,000 over (ii) the aggregate amount of Unrestricted Domestic Cash Amount deducted from Net Domestic Indebtedness.

"Weighted Average Life to Maturity" means when applied to any Indebtedness at any date, the number of years obtained by dividing (i) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (ii) the then outstanding principal amount of such Indebtedness.

"Wells Fargo" means Wells Fargo Bank, National Association, in its individual capacity, and its successors.

"**Withdrawal Liability**" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"**Woodward Aken**" means Woodward Aken GmbH, a limited liability company under the laws of the Federal Republic of Germany, registered with the commercial register kept at the local court of Stendal under registration number HRB 10125.

"**Write-Down and Conversion Powers**" means (a) with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule and (b) with respect to the United Kingdom, any powers of the applicable Resolution Authority under the Bail-In Legislation to cancel, reduce, modify or change the form of a liability of any UK Financial Institution or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms. Any accounting terms used in this Agreement which are not specifically defined herein shall have the meanings customarily given them in accordance with generally accepted accounting principles as in effect from time to time.

1.2 **References.** Any references to Subsidiaries of the Company set forth herein with respect to representations and warranties which deal with historical matters shall be deemed to include the Company and its Subsidiaries and shall not in any way be construed as consent by the Administrative Agent or any Lender to the establishment, maintenance or acquisition of any Subsidiary, except as may otherwise be permitted hereunder.

1.3 **Construction.** This Agreement is made in English language. For the avoidance of doubt, the English language version shall prevail over any translation of this Agreement. However, where a German translation or word or phrase appears in the text of this Agreement, the German meaning and the underlying German concept shall prevail. Any references made to "*own Obligations*" made in this Agreement shall, with respect to a German Obligor, refer to the direct obligations of such German Obligor with respect to amounts borrowed (including on-lent) to such German Obligor and shall not include guarantees, indemnities or other obligations in relation to amounts owed by any other Borrower or Guarantor under this Agreement.

1.4 **Divisions.** For all purposes under the Loan Documents, in connection with any division or plan of division under Delaware law (or any comparable event under a different jurisdiction's laws): (a) if any asset, right, obligation or liability of any Person becomes the asset, right, obligation or liability of a different Person, then it shall be deemed to have been transferred from the original Person to the subsequent Person, and (b) if any new Person comes into existence, such new Person shall be deemed to have been organized on the first date of its existence by the holders of its Equity Interests at such time.

1.5 Rates. The Administrative Agent does not warrant or accept any responsibility for, and shall not have any liability with respect to, (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Term SOFR Reference Rate, Adjusted Term SOFR, Term SOFR, any Adjusted Daily Simple RFR, the Eurocurrency Rate, the Adjusted Eurocurrency Rate or any other Benchmark, or any component definition thereof or rates referred to in the definition thereof, or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement), as it may or may not be adjusted pursuant to Section 4.3(c), will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Term SOFR Reference Rate, Term SOFR, Adjusted Term SOFR, any Adjusted Daily Simple RFR, the Eurocurrency Rate, the Adjusted Eurocurrency Rate, such Benchmark or any other Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Administrative Agent and its Affiliates or other related entities may engage in transactions that affect the calculation of a Benchmark, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto and such transactions may be adverse to the Borrowers. The Administrative Agent may select information sources or services in its reasonable discretion to ascertain any Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to any Borrower, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

1.6 Covenant Compliance Generally. For purposes of determining compliance under Section 7.3, any amount in a currency other than Dollars will be converted to Dollars in a manner consistent with that used in calculating Net Income in the most recent annual financial statements of the Company and its Subsidiaries delivered to the Administrative Agent pursuant to Section 7.1. Notwithstanding the foregoing, for purposes of determining compliance with Section 7.3, with respect to any amount of Indebtedness or obligations secured by a Lien in a currency other than Dollars, no breach of any basket contained in such section shall be deemed to have occurred solely as a result of changes in rates of exchange occurring after the time such Indebtedness is incurred or such Lien is granted; provided that for the avoidance of doubt, the foregoing provisions of this Section 1.6 shall otherwise apply to such Sections, including with respect to determining whether any Indebtedness may be incurred or Lien may be granted at any time under such Sections.

ARTICLE II: REVOLVING LOAN FACILITIES

2.1 Revolving Loans

(A) Upon the satisfaction of the conditions precedent set forth in Sections 5.1 and 5.2, from and including the Closing Date and prior to the Termination Date, each Lender severally and not jointly agrees, on the terms and conditions set forth in this Agreement, to make revolving loans to the Borrowers from time to time, in Dollars or any Agreed Currency, in a Dollar Amount not to exceed such Lender's Pro Rata Share of Revolving Credit Availability at such time (each

individually, a "Revolving Loan" and, collectively, the "Revolving Loans"); provided, however, that, after giving effect to any such Revolving Loan, the Dollar Amount of the Revolving Credit Obligations shall not exceed the Aggregate Revolving Loan Commitment. Subject to the terms of this Agreement, the Borrowers may borrow, repay and reborrow Revolving Loans at any time prior to the Termination Date. At the relevant Borrower's option (so long as such option is exercised in accordance with Sections 2.7 and 2.9 and the other terms and conditions of this Agreement), Revolving Loans shall be either Floating Rate Loans, Eurocurrency Rate Loans or RFR Loans. On the Termination Date, the Borrowers shall repay in full the outstanding principal balance of the Revolving Loans. Each Advance under this Section 2.1 shall consist of Revolving Loans made by each Lender ratably in proportion to such Lender's respective Pro Rata Share.

(B) **Borrowing/Election Notice.** In accordance with Section 2.13, the applicable Borrower (or the Company on behalf of the applicable Borrower) may telephonically request Advances hereunder, ~~provided, however,~~ that (i) notices relating to Loans in an Agreed Currency other than Dollars may not be delivered telephonically and (ii) immediately following any telephonic request the applicable Borrower (or the Company on behalf of the applicable Borrower) shall deliver to the Administrative Agent a written confirmation of such telephonic request. If a telephonic request is not made with respect to any Advance in accordance with Section 2.13, then the applicable Borrower (or the Company on behalf of the applicable Borrower) shall deliver to the Administrative Agent a Borrowing/Election Notice, signed by it, in accordance with the terms of Section 2.7, in order to request such Advance. In either case, the Administrative Agent shall promptly notify each Lender of such request.

(C) **Making of Revolving Loans.** Promptly after receipt of the Borrowing/Election Notice under Section 2.7 in respect of Revolving Loans, the Administrative Agent shall notify each Lender by teletype, or other similar form of transmission, of the requested Revolving Loan. Each Lender shall make available its Revolving Loan in accordance with the terms of Section 2.6. The Administrative Agent will promptly make the funds so received from the Lenders available to the applicable Borrower at the Administrative Agent's office in Charlotte, North Carolina or the Administrative Agent's Eurocurrency/RFR Payment Office corresponding with the applicable Borrower on the applicable Borrowing Date and shall disburse such proceeds in accordance with such Borrower's disbursement instructions set forth in such Borrowing/Election Notice. The failure of any Lender to deposit the amount described above with the Administrative Agent on the applicable Borrowing Date shall not relieve any other Lender of its obligations hereunder to make its Revolving Loan on such Borrowing Date.

2.2 Swing Line Loans

(A) **Amount of Swing Line Loans.** Upon the satisfaction of the conditions precedent set forth in Section 5.1 and 5.2, from and including the Closing Date and prior to the Termination Date, the Swing Line Bank agrees, on the terms and conditions set forth in this Agreement, to make swing line loans to the Company from time to time, in Swing Line Currencies, in a Dollar Amount not to exceed the Swing Line Commitment (each, individually, a "Swing Line Loan" and collectively, the "Swing Line Loans"); provided, however, at no time shall the Dollar Amount of the Revolving Credit Obligations exceed the Aggregate Revolving Loan Commitment; and provided, further, that at no time shall the sum of (a) the Dollar Amount of the Swing Line Bank's Pro Rata Share of the Swing Line Loans, plus (b) the outstanding Dollar Amount of Revolving

Loans made by the Swing Line Bank pursuant to [Section 2.1](#), exceed the Swing Line Bank's Revolving Loan Commitment at such time. Subject to the terms of this Agreement, the Borrowers may borrow, repay and reborrow Swing Line Loans at any time prior to the Termination Date.

(B) **Borrowing/Election Notice.** The Company shall deliver to the Administrative Agent and the Swing Line Bank a Borrowing/Election Notice, signed by it, not later than (x) in the case of a Borrowing/Election Notice in respect of a Dollar denominated Swing Line Loan, 1:00 p.m. (Chicago time) on the Borrowing Date of each such Swing Line Loan and (y) in the case of a Borrowing/Election Notice in respect of a Swing Line Loan denominated in any other Swing Line Currency, if any, 1:00 p.m. (Chicago time) one (1) Business Day prior to the Borrowing Date of each such Swing Line Loan, specifying (i) the applicable Borrowing Date (which date shall be a Business Day and which may be the same date, only in the case of a Borrowing/Election Notice in respect of a Dollar denominated Swing Line Loan, as the date the Borrowing/Election Notice is given), (ii) the requested Swing Line Currency, and (iii) the aggregate amount of the requested Swing Line Loan which shall be not less than \$100,000 (or the approximate Equivalent Amount of any Swing Line Currency other than Dollars).

(C) **Making of Swing Line Loans.** Promptly after receipt of the Borrowing/Election Notice under [Section 2.2\(B\)](#) in respect of Swing Line Loans, the Administrative Agent shall notify each Lender by teletype, or other similar form of transmission, of the requested Swing Line Loan. Not later than 2:00 p.m. (Chicago time) on the applicable Borrowing Date, the Swing Line Bank shall make available its Swing Line Loan, in funds immediately available in Chicago to the Administrative Agent at its address specified pursuant to [Article XIV](#). The Administrative Agent will promptly make the funds so received from the Swing Line Bank available to the Company on the Borrowing Date at the Administrative Agent's aforesaid address.

(D) **Repayment of Swing Line Loans.** Each Swing Line Loan shall be paid in full by the applicable Borrower on or before the later to occur of (x) the fifth (5th) Business Day after the Borrowing Date for such Swing Line Loan and (y) such other Business Day as may be agreed to in writing by the Company and the Swing Line Bank (the "**Swing Line Repayment Date**"). The Company may at any time pay, without penalty or premium, all outstanding Swing Line Loans or, in a minimum amount of \$100,000 (or the approximate Equivalent Amount of any Swing Line Currency other than Dollars) and increments of \$100,000 (or the approximate Equivalent Amount of any Swing Line Currency other than Dollars) in excess thereof, any portion of the outstanding Swing Line Loans, upon same-day notice to the Administrative Agent and the Swing Line Bank. In addition, the Administrative Agent (i) may at any time in its sole discretion with respect to any outstanding Swing Line Loan, or (ii) shall on the Swing Line Repayment Date require each Lender (including the Swing Line Bank) to make a Revolving Loan in Dollars in the Dollar Amount of such Lender's Pro Rata Share of such Swing Line Loan, for the purpose of repaying such Swing Line Loan. No later than 2:00 p.m. (Chicago time) on the date of any notice received pursuant to this [Section 2.2\(D\)](#), each Lender shall make available its required Revolving Loan or Revolving Loans, in funds immediately available in Chicago to the Administrative Agent at its address specified pursuant to [Article XIV](#). Revolving Loans made pursuant to this [Section 2.2\(D\)](#) shall initially be Floating Rate Loans and thereafter may be continued as Floating Rate Loans or converted into Term RFL Loans in the manner provided in [Section 2.2](#) and subject to the other conditions and limitations therein set forth and set forth in this [Article II](#). Unless a Lender shall have notified the Swing Line Bank, prior to its making any Swing Line Loan, that any applicable

condition precedent set forth in Sections 5.1 and 5.2 had not then been satisfied, such Lender's obligation to make Revolving Loans pursuant to this Section 2.2(D) to repay Swing Line Loans shall be unconditional, continuing, irrevocable and absolute and shall not be affected by any circumstances, including, without limitation, (a) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Administrative Agent, the Swing Line Bank or any other Person, (b) the occurrence or continuance of a Default or Unmatured Default, (c) any adverse change in the condition (financial or otherwise) of the Company and/or its Subsidiaries, or (d) any other circumstances, happening or event whatsoever. In the event that any Lender fails to make payment to the Administrative Agent of any amount due under this Section 2.2(D), the Administrative Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Lender hereunder until the Administrative Agent receives such payment from such Lender or such obligation is otherwise fully satisfied. In addition to the foregoing, if for any reason any Lender fails to make payment to the Administrative Agent of any amount due under this Section 2.2(D), such Lender shall be deemed, at the option of the Administrative Agent, to have unconditionally and irrevocably purchased from the Swing Line Bank, without recourse or warranty, an undivided interest and participation in the applicable Swing Line Loan in the amount of such Revolving Loan, and such interest and participation may be recovered from such Lender together with interest thereon at the Overnight Rate for each day during the period commencing on the date of demand and ending on the date such amount is received. On the Termination Date, the Company shall repay in full the outstanding principal balance of the Swing Line Loans.

2.3 Rate Options for all Advances; Maximum Interest Periods. Any Dollar denominated Swing Line Loans shall be Floating Rate Advances or shall bear interest at such other rate as may be agreed to between the Company and the Swing Line Bank at the time of the making of any such Swing Line Loan. Any Swing Line Loans denominated in any other Swing Line Currency, if any, shall bear interest at such other rate as may be agreed to between the Company and the Swing Line Bank at the time of the making of any such Swing Line Loan. The Revolving Loans may be Floating Rate Advances, Eurocurrency Rate Advances or RFR Advances, or a combination thereof, selected by the applicable Borrower in accordance with Section 2.9, provided, however, that Revolving Loans denominated in any Agreed Currency other than Dollars may only be Eurocurrency Rate Advances or RFR Advances. The applicable Borrower may select, in accordance with Section 2.9, Rate Options and Interest Periods applicable to portions of the Revolving Loans; provided, that there shall be no more than eight (8) Interest Periods in effect with respect to all of the Loans (and each outstanding Daily Simple RFR Loan shall constitute use of one Interest Period for purposes hereof) at any time.

2.4 Optional Payments; Mandatory Prepayments.

(A) Optional Payments. Each Borrower may from time to time and at any time upon at least one (1) Business Day's prior written notice repay or prepay, without penalty or premium all or any part of its outstanding Floating Rate Advances in an aggregate minimum amount of \$1,000,000 and in integral multiples of \$100,000 in excess thereof; provided that Swing Line Loans may be paid on same-day notice. Eurocurrency Rate Advances and Term RFR Advances may be voluntarily repaid or prepaid prior to the last day of the applicable Interest Period and Daily Simple RFR Advances may be voluntarily repaid or prepaid prior to the applicable Payment Date, subject to the indemnification provisions contained in Section 4.4 in an aggregate minimum

amount of \$5,000,000 and in integral multiples of \$1,000,000 in excess thereof (or, if less, in the full amount of any Loan), provided, that a Borrower may not so prepay Eurocurrency Rate Advances or RFR Advances unless it shall have provided at least (a) in the case of a Term RFR Loan, at least three (3) RFR Business Days prior written notice to the Administrative Agent before prepayment of such Term RFR Loan, (b) in the case of a Daily Simple RFR Loan, at least five (5) RFR Business Days prior written notice to the Administrative Agent before prepayment of such RFR Loan, and (c) in the case of a Eurocurrency Rate Loan, at least four (4) Eurocurrency Banking Days prior written notice to the Administrative Agent before prepayment of such Eurocurrency Rate Loan (or five (5) Eurocurrency Banking Days in the case of a prepayment of Eurocurrency Rate Loans denominated in a Special Notice Currency).

(B) Mandatory Prepayments of Revolving Loans

(i) If at any time and for any reason (other than fluctuations in currency exchange rates) the Dollar Amount of the Revolving Credit Obligations are greater than the Aggregate Revolving Loan Commitment, the Borrowers shall immediately make a mandatory prepayment of the Obligations in an amount equal to such excess.

(ii) If at any time the Dollar Amount of the Revolving Credit Obligations exceeds one hundred five percent (105%) of the Aggregate Revolving Loan Commitment, whether as a result of fluctuations in currency exchange rates, or otherwise, the Borrowers for the ratable benefit of the Lenders shall immediately prepay Loans in an aggregate amount such that after giving effect thereto the Dollar Amount of the Revolving Credit Obligations is less than or equal to the Aggregate Revolving Loan Commitments.

2.5 Reduction of Commitments. The Borrowers may permanently reduce the Aggregate Revolving Loan Commitment in whole, or in part ratably among the Lenders, in an aggregate minimum amount of \$5,000,000 with respect thereto and integral multiples of \$1,000,000 in excess of that amount with respect thereto (unless the Aggregate Revolving Loan Commitment is reduced in whole), upon at least three (3) Business Days' prior written notice to the Administrative Agent (or at least four (4) Business Days if a concurrent prepayment in an Agreed Currency other than Dollars is requested), which notice shall specify the amount of any such reduction; provided, however, that the amount of the Aggregate Revolving Loan Commitment may not be reduced below the aggregate principal Dollar Amount of the outstanding Revolving Credit Obligations. All accrued unused fees shall be payable on the effective date of any termination of the obligations of the Lenders to make Loans hereunder.

2.6 Method of Borrowing. Not later than 1:00 p.m. (Chicago time) on each Borrowing Date, each Lender shall make available its Revolving Loan in immediately available funds in the Agreed Currency to the Administrative Agent at its address specified pursuant to Article XIV, unless the Administrative Agent has notified the Lenders that such Loan is to be made available to the applicable Borrower at the Administrative Agent's Eurocurrency/RFR Payment Office, in which case each Lender shall make available its Loan or Loans, in funds immediately available to the Administrative Agent at its Eurocurrency/RFR Payment Office, not later than 1:00 p.m. (local time in the city of the Administrative Agent's Eurocurrency/RFR Payment Office) in the Agreed Currency designated by the Administrative Agent. The Administrative Agent will promptly make the funds so received from the Lenders available to the applicable Borrower at the Administrative

Agent's aforesaid address or, with respect to any Loan to a Foreign Subsidiary Borrower, into a designated account in such Foreign Subsidiary Borrower's jurisdiction of organization, as applicable.

2.7 Method of Selecting Types, Currency and Interest Periods for Advances. The applicable Borrower (or the Company on the applicable Borrower's behalf) shall select the Type of Advance and, in the case of each Eurocurrency Rate Advance or Term RFR Advance, the Interest Period (if applicable) and Agreed Currency applicable to each Advance from time to time. The applicable Borrower shall give the Administrative Agent irrevocable notice in substantially the form of Exhibit B hereto (a "Borrowing/Election Notice") not later than 12:00 noon (Chicago time) (a) on the Borrowing Date of each Floating Rate Advance, (b) in the case of a Term RFR Loan, at least three (3) RFR Business Days before such Term RFR Loan, (c) in the case of a Daily Simple RFR Loan, at least five (5) RFR Business Days before such Daily Simple RFR Loan, and (d) in the case of a Eurocurrency Rate Loan, at least four (4) Eurocurrency Banking Days before such Eurocurrency Rate Loan (or five (5) Eurocurrency Banking Days in the case of a Special Notice Currency), specifying: (i) the Borrowing Date (which shall be a Business Day) of such Advance; (ii) the aggregate amount and Agreed Currency of such Advance; (iii) the Type of Advance selected; and (iv) in the case of each Eurocurrency Rate Advance and Term RFR Advance, the Interest Period applicable thereto. Each Floating Rate Advance and all Obligations other than Loans shall bear interest from and including the date of the making of such Advance, in the case of Loans, and the date such Obligation is due and owing in the case of such other Obligations, to (but not including) the date of repayment thereof at the Floating Rate changing when and as such Floating Rate changes. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Loan will take effect simultaneously with each change in the Alternate Base Rate. Each Daily Simple RFR Advance shall bear interest from and including the date of the making of such Advance to (but not including) the Payment Date at the Adjusted Daily Simple RFR Rate changing when and as such Adjusted Daily Simple RFR Rate changes pursuant to the terms and conditions set forth herein. Each Eurocurrency Rate Advance or Term RFR Advance shall bear interest from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such Eurocurrency Rate Advance or Term RFR Advance.

2.8 Minimum Amount of Each Advance. Each Advance (other than an Advance to repay Swing Line Loans or a Reimbursement Obligation) shall be in the minimum amount of \$5,000,000 (or the approximate Equivalent Amount of any Agreed Currency other than Dollars) and in multiples of \$1,000,000 (or the approximate Equivalent Amount of any Agreed Currency other than Dollars) if in excess thereof; provided, however, that any Floating Rate Advance may be in the amount of the unused Aggregate Revolving Loan Commitment.

2.9 Method of Selecting Types, Currency and Interest Periods for Conversion and Continuation of Advances.

(A) Right to Convert. Each Borrower may elect from time to time, subject to the provisions of Section 2.3 and this Section 2.9, to (i) convert all or any part of any Floating Rate Loans (other than Swing Line Loans) into Term RFR Loans, (ii) convert all or any part of any Term RFR Loans into Floating Rate Loans (other than Swing Line Loans) or continue any Term RFR Loans as Term RFR Loans, (iii) continue any Eurocurrency Rate Loans as Eurocurrency Rate

Loans in the same currency and (iv) continue any Daily Simple RFR Loans as Daily Simple RFR Loans; provided that (x) any conversion or continuation of any Eurocurrency Rate Advance or Term RFR Advance shall be made on, and only on, the last day of the Interest Period applicable thereto and (y) any continuation of any Daily Simple RFR Advance shall be made on, and only on, the occurrence of the Payment Date therefor.

(B) Automatic Conversion and Continuation. If the applicable Borrower fails to deliver a timely Borrowing/Election Notice with respect to a Daily Simple RFR Loan prior to the Interest Payment Date therefor, then, unless such Daily Simple RFR Loan is repaid as provided herein, the applicable Borrower shall be deemed to have selected that such Daily Simple RFR Loan shall automatically be converted to a Floating Rate Loan denominated in Dollars (in an amount equal to the Dollar Amount of the applicable Alternative Currency, if applicable) as of such Payment Date. If the applicable Borrower fails to deliver a timely Borrowing/Election Notice with respect to a Eurocurrency Rate Loan or a Term RFR Loan prior to the end of the Interest Period therefor, then, unless such Eurocurrency Rate Loan or Term RFR Loan, as applicable, is repaid as provided herein, the applicable Borrower shall be deemed to have selected that such Eurocurrency Rate Loan or Term RFR Loan, as applicable, shall automatically be converted to a Floating Rate Loan denominated in Dollars (in an amount equal to the Dollar Amount of the applicable Alternative Currency, if applicable) at the end of such Interest Period. If the applicable Borrower requests a conversion to, or continuation of, a Eurocurrency Rate Loan or a Term RFR Loan, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(C) No Conversion Post-Default; Limited Conversion Post-Unmatured Default. Notwithstanding anything to the contrary contained in Section 2.9(A) or Section 2.9(B), (x) no Loan may be converted into or continued as a Eurocurrency Rate Loan or RFR Loan (except with the consent of the Required Lenders) when any Default has occurred and is continuing and (y) no Loan may be converted into or continued as a Eurocurrency Rate Loan or Term RFR Loan with an Interest Period greater than one month (except with the consent of the Required Lenders) when any Unmatured Default has occurred and is continuing.

(D) Borrowing/Election Notice. Subject to clause (B) above, each Borrower shall give the Administrative Agent an irrevocable Borrowing/Election Notice of each conversion of a Floating Rate Loan into a Term RFR Loan or continuation of a Eurocurrency Rate Loan or RFR Loan not later than 12:00 noon (Chicago time) (i) in the case of a Loan denominated in Dollars, at least three (3) RFR Business Days before the day on which a proposed conversion or continuation of such Loan is to be effective, (ii) in the case of a Daily Simple RFR Loan, at least five (5) RFR Business Days before the day on which a proposed conversion or continuation of such Loan is to be effective, and (iii) in the case of a Eurocurrency Rate Loan, at least four (4) Eurocurrency Banking Days (or five (5) Eurocurrency Banking Days in the case of a Special Notice Currency) before the day on which a proposed conversion or continuation of such Loan is to be effective, in each case, specifying: (x) the requested date (which shall be a Business Day) of such conversion or continuation; (y) the amount, Agreed Currency and Type of the Loan to be converted or continued; and (z) in the case of any Eurocurrency Rate Loan or Term RFR Loan to be converted or continued, the duration of the Interest Period applicable thereto.

2.10 Default Rate. Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by any Borrower hereunder is not paid when due, whether

at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section, (ii) in the case of any other amount, 2% plus the rate applicable to Floating Rate Loans as provided in paragraph (a) of this Section and (iii) in the case of the fee described in Section 3.8(A), 2% plus the then Applicable L/C Fee Percentage.

2.11 Method of Payment. (A) All payments of principal, interest, fees, commissions and L/C Obligations hereunder shall be made, without setoff, deduction or counterclaim (unless indicated otherwise in Section 2.14(E)), in immediately available funds to the Administrative Agent (i) at the Administrative Agent's address specified pursuant to Article XIV with respect to Advances or other Obligations denominated in Dollars and (ii) at the Administrative Agent's applicable Eurocurrency/RFR Payment Office with respect to any Advance or other Obligations denominated in an Agreed Currency other than Dollars or payments made by a Foreign Subsidiary Borrower, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the applicable Borrower, by 1:00 p.m. (Chicago time) or, with respect to payments covered by clause (i), 1:00 p.m. local time in the city of the applicable Eurocurrency/RFR Payment Office on the date when due and shall be made ratably among the Lenders (unless such amount is not to be shared ratably in accordance with the terms hereof). Each Advance shall be repaid or prepaid in the Agreed Currency in which it was made in the amount borrowed and interest payable thereon shall also be paid in such currency. Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds which the Administrative Agent received at its address specified pursuant to Article XIV or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender. Any payment owing by a Borrower to a Lender shall be deemed to have been paid to such Lender by such Borrower upon the Administrative Agent's receipt of such payment from such Borrower. Each Borrower authorizes the Administrative Agent to charge the account of such Borrower maintained with Wells Fargo for each payment of principal, interest, fees, commissions and L/C Obligations as it becomes due hereunder; provided, that the Administrative Agent promptly notifies the Company thereof. Each reference to the Administrative Agent in this Section 2.11 shall also be deemed to refer, and shall apply equally, to each Issuing Bank, in the case of payments required to be made by a Borrower to any Issuing Bank pursuant to Article III.

(B) Notwithstanding the foregoing provisions of this Section, if, after the making of any Advance in any currency other than Dollars, currency control or exchange regulations are imposed in the country which issues such Agreed Currency with the result that different types of such Agreed Currency (the "New Currency") are introduced and the type of currency in which the Advance was made (the "Original Currency") no longer exists or the applicable Borrower is not able to make payment to the Administrative Agent for the account of the Lenders in such Original Currency, then all payments to be made by such Borrower hereunder in such currency shall be made to the Administrative Agent in such amount and such type of the New Currency or Dollars as shall be equivalent to the amount of such payment otherwise due hereunder in the Original Currency. In addition, notwithstanding the foregoing provisions of this Section, if, after the making of any Advance in any currency other than Dollars, the applicable Borrower is not able to make payment to the Administrative Agent for the account of the Lenders in the type of currency in which such Advance was made because of the imposition of any such currency control or

exchange regulation, then such Advance shall instead be repaid when due in Dollars in a principal amount equal to the Dollar Amount (as of the date of repayment) of such Advance.

2.12 Evidence of Debt

(A) Loan Account. Each Lender shall maintain in accordance with its usual practice an account or accounts (a "Loan Account") evidencing the indebtedness of the Borrowers to such Lender owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(B) Register. The Register maintained by the Administrative Agent pursuant to Section 13.3(D) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and the amount of each Loan made hereunder, the Type thereof and the Interest Period, if any, applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder, (iii) the effective date and amount of each Assignment Agreement delivered to and accepted by it and the parties thereto pursuant to Section 13.3, (iv) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof, and (v) all other appropriate debits and credits as provided in this Agreement, including, without limitation, all fees, charges, expenses and interest.

(C) Entries in Loan Account and Register. The entries made in the Loan Account, the Register and the other accounts maintained pursuant to subsections (A) or (B) of this Section shall be conclusive and binding for all purposes, absent manifest error, gross negligence or willful misconduct, unless the applicable Borrower objects to information contained in the Loan Accounts, the Register or the other accounts within forty-five (45) days of such Borrower's receipt of such information; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Loans in accordance with the terms of this Agreement.

(D) Notes Upon Request. Any Lender may request that the Loans made by it each be evidenced by a promissory note in substantially the form of Exhibit J to evidence such Lender's Revolving Loans. In such event, the applicable Borrower shall prepare, execute and deliver to such Lender such a promissory note for such Loans payable to such Lender. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 12.3) be represented by one or more promissory notes in such form payable to the payee named therein.

2.13 Telephonic Notices. Each Borrower authorizes the Lenders and the Administrative Agent to extend Advances, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Lender in good faith believes to be acting on behalf of such Borrower pursuant to a telephonic notice provided to the Administrative Agent under Section 2.1(B). Each Borrower agrees to deliver promptly to the Administrative Agent a written confirmation, signed by an Authorized Signer (or such other Person designated in writing to the Administrative Agent by an Authorized Signer so long as such other Person is also permitted to make such delivery under such Borrower's organizational documents), of each telephonic notice. If the written confirmation differs in any material respect

from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent and the Lenders shall govern absent manifest error, gross negligence or willful misconduct. In case of disagreement concerning such notices, if the Administrative Agent has recorded telephonic borrowing notices, such recordings will be made available to each Borrower upon such Borrower's request therefor.

2.14

Promise to Pay; Interest and Unused Fees; Interest Payment Dates; Interest and Fee Basis; Taxes

(A) Promise to Pay. Each Borrower unconditionally promises to pay when due the principal amount of each Loan incurred by it and all other Obligations incurred by it, and to pay all unpaid interest accrued thereon, in accordance with the terms of this Agreement and the other Loan Documents.

(B) Interest Payment Dates. Interest accrued on each Floating Rate Loan and Daily Simple RFR Loan shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof, upon any prepayment whether by acceleration or otherwise, and at maturity (whether by acceleration or otherwise). Interest accrued on each Fixed-Rate Loan shall be payable on the last day of its applicable Interest Period, on any date on which such Fixed-Rate Loan is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Fixed-Rate Loan having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest accrued on the principal balance of all other Obligations shall be payable in arrears (i) on each Payment Date, commencing on the first such Payment Date following the incurrence of such Obligations, (ii) upon repayment thereof in full or in part, and (iii) if not theretofore paid in full, at the time such other Obligations become due and payable (whether by acceleration or otherwise).

(C) Fees

(i) The Company shall pay to the Administrative Agent, for the account of the Lenders in accordance with their Pro Rata Shares, from and after the date of this Agreement until the date on which the Aggregate Revolving Loan Commitment shall be terminated in whole, an unused fee accruing at the rate of the then Applicable Unused Fee Percentage, on the average daily excess of the Aggregate Revolving Loan Commitment over the Dollar Amount of the outstanding Revolving Credit Obligations (excluding any drawn Swing Line Loans). All such unused fees payable under this clause (C)(i) shall be payable quarterly in arrears on each Payment Date occurring after the date of this Agreement (with the first such payment being calculated for the period from the Closing Date and ending on December 31, 2022, and, in addition, on the date on which the Aggregate Revolving Loan Commitment shall be terminated in whole.

(ii) The Company agrees to pay the fees set forth in the Fee Letters at the times and in the amounts set forth therein.

(D) Interest and Fee Basis; Applicable Eurocurrency/RFR Margin; Applicable Floating Rate Margin; Applicable L/C Fee Percentage and Applicable Unused Fee Percentage.

(i) All computations of interest for Floating Rate Loans shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of Obligations and interest provided hereunder shall be made on the basis of a 360-day year and actual days elapsed (which results in more fees or interest, as applicable, being paid than if computed on the basis of a 365/366-day year), except that interest on Loans denominated in any Alternative Currency as to which market practice differs from the foregoing shall be computed in accordance with market practice for such Loans. Interest shall be payable for the day an Obligation is incurred but not for the day of any payment on the amount paid if payment is received prior to 2:00 p.m. (local time) at the place of payment. If any payment of principal of or interest on a Loan or any payment of any other Obligations shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest, fees and commissions in connection with such payment.

(ii) The Applicable Eurocurrency/RFR Margin, Applicable Floating Rate Margin, Applicable L/C Fee Percentage and Applicable Unused Fee Percentage shall be determined on the basis of the then applicable Pricing Grid Leverage Ratio as described in this Section 2.14(D)(ii), from time to time by reference to the following table:

Applicable Margin	Level I Status (Pricing Grid Leverage Ratio is less than or equal to 1.25 to 1.0)	Level II Status (Pricing Grid Leverage Ratio is greater than 1.25 to 1.0 and less than or equal to 1.75 to 1.0)	Level III Status (Pricing Grid Leverage Ratio is greater than 1.75 to 1.0 and less than or equal to 2.25 to 1.0)	Level IV Status (Pricing Grid Leverage Ratio is greater than 2.25 to 1.0 and less than or equal to 2.75 to 1.0)	Level V Status (Pricing Grid Leverage Ratio is greater than 2.75 to 1.0 and less than or equal to 3.50 to 1.0)	Level VI Status (Pricing Grid Leverage Ratio is greater than 3.50 to 1.0)
Applicable Eurocurrency/RFR Margin and L/C Fee Percentage	0.875%	1.00%	1.125%	1.25%	1.50%	1.75%
Applicable Unused Fee Percentage	0.10%	0.125%	0.140%	0.150%	0.175%	0.200%
Applicable Floating Rate Margin	0%	0%	0.125%	0.25%	0.50%	0.75%

The initial pricing level shall be Level III and thereafter, upon receipt of the financial statements delivered (or deemed delivered) pursuant to Sections 7.1(A)(i) and (ii), as applicable, the

Applicable Eurocurrency/RFR Margin, the Applicable Floating Rate Margin, the Applicable L/C Fee Percentage and Applicable Unused Fee Percentage shall be adjusted, such adjustment being effective five (5) Business Days following the day such financial statements and compliance certificates are required to be delivered pursuant to Section 7.1(A), provided, that if the Company shall not have timely delivered its financial statements and compliance certificates in accordance with the applicable provisions of Section 7.1(A), and such failure continues for five (5) days after notice from the Administrative Agent to the Company, then, at the discretion of the Required Lenders, commencing on the date upon which such financial statements and compliance certificates should have been delivered and continuing until five (5) days after such financial statements and compliance certificates are actually delivered (or deemed delivered), it shall be assumed for purposes of determining the Applicable Eurocurrency/RFR Margin, the Applicable Floating Rate Margin, Applicable L/C Fee Percentage and Applicable Unused Fee Percentage that the Leverage Ratio was greater than 3.50 to 1.0 and Level VI pricing shall be applicable.

(iii) In connection with the use or administration of any Benchmark, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document. The Administrative Agent will promptly notify the Company and the Lenders of the effectiveness of any Conforming Changes in connection with the use or administration of any Benchmark.

(E) Taxes

(i) Any and all payments by the Borrowers hereunder (whether in respect of principal, interest, fees or otherwise) shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, fees, assessments, duties, charges or withholdings or any interest, penalties or liabilities with respect thereto imposed by any Governmental Authority including those arising after the date hereof as a result of the adoption of or any change in any law, treaty, rule, regulation, guideline or determination of a Governmental Authority or any change in the interpretation or application thereof by a Governmental Authority but excluding, in the case of each Lender and the Administrative Agent, Excluded Taxes (all such non-excluded taxes, levies, imposts, deductions, fees, assessments, duties, charges, withholdings, and liabilities which the Administrative Agent or a Lender determines to be applicable to this Agreement, the other Loan Documents, the Revolving Loan Commitments, the Loans or the Letters of Credit being hereinafter referred to as "Taxes"). If any Borrower or the Administrative Agent shall be required by law or requested by any Governmental Authority to deduct or withhold any Taxes from or in respect of any sum payable hereunder or under the other Loan Documents to any Lender or the Administrative Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to additional sums payable under this Section 2.14(E)) such Lender or the Administrative Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions or withholdings been made, (ii) such Borrower shall make such deductions or withholdings, and (iii) such Borrower shall pay the full amount deducted or withheld to the relevant Governmental

Authority or other authority in accordance with applicable law. If any Tax, including, without limitation, any withholding tax, of the United States of America or any other Governmental Authority shall be or become applicable (y) after the date of this Agreement, to such payments by such Borrower made to the Lending Installation or any other office that a Lender may claim as its Lending Installation, or (z) after such Lender's selection and designation of any other Lending Installation, to such payments made to such other Lending Installation, such Lender shall use reasonable efforts to make, fund and maintain its Loans through another Lending Installation of such Lender in another jurisdiction so as to reduce such Borrower's liability hereunder, if the making, funding or maintenance of such Loans through such other Lending Installation of such Lender does not, in the reasonable judgment of such Lender, otherwise adversely and materially affect such Loans, or obligations under the Revolving Loan Commitments of such Lender.

(ii) In addition, the Company agrees to pay any present or future stamp, or documentary taxes or any other excise or property taxes, charges, or similar levies which arise from any payment made hereunder, from the issuance of Letters of Credit hereunder, or from the execution, delivery or registration of, or otherwise with respect to, this Agreement, the other Loan Documents, the Revolving Loan Commitments, the Loans or the Letters of Credit (other than Excluded Taxes, collectively, the "**Other Taxes**").

(iii) Each Borrower indemnifies each Lender and the Administrative Agent for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any Governmental Authority on amounts payable under this Section 2.14(E)) paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within thirty (30) days after the date such Lender or the Administrative Agent (as the case may be) makes written demand therefor. A certificate as to any additional amount payable to any Lender or the Administrative Agent under this Section 2.14(E) submitted to the applicable Borrower and the Administrative Agent (if a Lender is so submitting) by such Lender or the Administrative Agent shall show in reasonable detail the amount payable and the calculations used to determine such amount and, shall, absent manifest error, be final, conclusive and binding upon all parties hereto. With respect to such deduction or withholding for or on account of any taxes and to confirm that all such Taxes have been paid to the appropriate Governmental Authorities, the applicable Borrower shall promptly (and in any event not later than thirty (30) days after receipt) furnish to each Lender and the Administrative Agent such certificates, receipts and other documents as may reasonably be required (in the reasonable judgment of such Lender or the Administrative Agent) to establish any tax credit to which such Lender or the Administrative Agent may be entitled. In the event such Lender or the Administrative Agent receives any such tax credit, such Lender or the Administrative Agent shall pay to the applicable Borrower such amount (if any) not exceeding the increased amount paid by such Borrower to, or on behalf of, such Lender or the Administrative Agent that is allocable to such increased amount. Any of the Administrative Agent or any Lender requesting compensation under this Section 2.14(E) shall use its reasonable efforts to notify the applicable Borrower (with a copy to the Administrative Agent) in writing of the event giving rise to such demand for compensation not more than

ninety (90) days following the date upon which the responsible account officer for the Administrative Agent or the applicable Lender knows of such event. Such written demand shall be rebuttably presumed correct for all purposes. If any Lender or the Administrative Agent demands compensation under this Section 2.14(E) more than ninety (90) days following the date upon which a responsible account officer for such Lender or the Administrative Agent knows that interest, penalties or other additions to Taxes or Other Taxes have begun to accrue with respect to which such Lender or the Administrative Agent is entitled to compensation under this Section 2.14(E), then any interest, penalties or other additions to Taxes or Other Taxes attributable to the period prior to the ninety (90) day period immediately preceding the date on which such Lender or the Administrative Agent provided such notice and demand for compensation shall be excluded from the indemnity obligations of the Borrowers under this Section 2.14(E).

(iv) Within thirty (30) days after the date of any payment of Taxes or Other Taxes by any Borrower, such Borrower shall furnish to the Administrative Agent the original or a certified copy of a receipt evidencing payment thereof.

(v) Without prejudice to the survival of any other agreement of the Borrowers hereunder, the agreements and obligations of the Borrowers contained in this Section 2.14(E) shall survive the payment in full of all Obligations hereunder, the termination of the Letters of Credit and the termination of this Agreement for a period of one year.

(vi) Each Lender (including any Replacement Lender or Purchaser) that is not created or organized under the laws of the United States of America or a political subdivision thereof (each a "**Non-U.S. Lender**") shall deliver to the Borrowers and the Administrative Agent on or before the Closing Date, or, if later, the date on which such Lender becomes a Lender pursuant to Section 13.3 hereof (and from time to time thereafter upon the request of any Borrower or the Administrative Agent, but only for so long as such Non-U.S. Lender is legally entitled to do so), either (1) two (2) duly completed copies of either (A) IRS Form W-8BEN or IRS Form W-8BEN-E establishing an exemption from, or reduction of, U.S. federal withholding tax pursuant to a tax treaty, or (B) IRS Form W-8ECI, or in either case an applicable successor form, or (2) in the case of a Non-U.S. Lender that is not legally entitled to deliver the forms listed in clause (y)(1), (x) a certificate of a duly authorized officer of such Non-U.S. Lender to the effect that such Non-U.S. Lender is not (A) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of any Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code (such certificate, an "**Exemption Certificate**") and (y) two (2) duly completed copies of IRS Form W-8BEN or IRS Form W-8BEN-E or applicable successor form. Each such Lender further agrees to deliver to the Borrowers and the Administrative Agent from time to time a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender in a form satisfactory to the Borrowers and the Administrative Agent, before or promptly upon the occurrence of any event requiring a change in the most recent certificate previously delivered by it to the Borrowers and the Administrative Agent pursuant to this Section 2.14(E)(vi). Further, each Lender which delivers a form or certificate pursuant to this clause (vi) covenants and agrees to deliver to the Borrowers and the Administrative Agent

within fifteen (15) days prior to the expiration of such form, for so long as this Agreement is still in effect, another such certificate and/or two (2) accurate and complete original newly-signed copies of the applicable form (or any successor form or forms required under the Code or the applicable regulations promulgated thereunder).

If a payment made to a Lender under this Agreement would be subject to United States federal withholding tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Company and the Administrative Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Company or the Administrative Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Company or the Administrative Agent as may be necessary for the Company and the Administrative Agent to comply with its obligations under FATCA, to determine that such Lender has or has not complied with such Lender's obligations under FATCA and, as necessary, to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.14(E)(xi), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

Each Lender shall promptly furnish to the Company and the Administrative Agent such additional documents as may be reasonably required by the Company or the Administrative Agent to establish any exemption from or reduction of any Taxes or Other Taxes required to be deducted or withheld. Notwithstanding any other provision of this Section 2.14(E), the Borrowers shall not be obligated to gross up any payments to any Lender pursuant to Section 2.14(E)(i), or to indemnify any Lender pursuant to Section 2.14(E)(iii), in respect of United States federal withholding taxes to the extent imposed as a result of (x) the failure of such Lender to deliver to the Borrowers the form or forms and/or an Exemption Certificate, as applicable to such Lender, pursuant to Section 2.14(E)(ii), (y) such form or forms and/or Exemption Certificate not establishing a complete exemption from U.S. federal withholding tax or the information or certifications made therein by the Lender being untrue or inaccurate on the date delivered in any material respect, or (z) the Lender designating a successor Lending Installation at which it maintains its Loans which has the effect of causing such Lender to become obligated for tax payments in excess of those in effect immediately prior to such designation, provided, however, that the Borrowers shall be obligated to gross up any payments to any such Lender pursuant to Section 2.14(E)(i), and to indemnify any such Lender pursuant to Section 2.14(E)(iii), in respect of United States federal withholding taxes if (x) any such failure to deliver a form or forms or an Exemption Certificate or the failure of such form or forms or exemption certificate to establish a complete exemption from U.S. federal withholding tax or inaccuracy or untruth contained therein resulted from a change in any applicable statute, treaty, regulation or other applicable law or any interpretation of any of the foregoing occurring after the date such Lender became a party hereto, which change rendered such Lender no longer legally entitled to deliver such form or forms or Exemption Certificate or otherwise ineligible for a complete exemption from U.S. federal withholding tax, or rendered the information or the certifications made in such form or forms or Exemption Certificate untrue or inaccurate in any material respect, (ii) the redesignation of the Lender's Lending Installation was made at the request of the Company or (iii) the obligation to gross up payments to any such Lender pursuant to Section 2.14(E)(i), or to indemnify any such

Lender pursuant to Section 2.14(E)(iii), is with respect to a Purchaser that becomes a Purchaser as a result of an assignment made at the request of the Company.

(vii) Upon the request, and at the expense of the applicable Borrower, each Lender to which such Borrower is required to pay any additional amount pursuant to this Section 2.14(E), shall reasonably afford such Borrower the opportunity to contest, and shall reasonably cooperate with such Borrower in contesting, the imposition of any Tax giving rise to such payment, provided, that (i) such Lender shall not be required to afford such Borrower the opportunity to so contest unless such Borrower shall have confirmed in writing to such Lender its obligation to pay such amounts pursuant to this Agreement, and (ii) such Borrower shall reimburse such Lender for its attorneys' and accountants' fees and disbursements incurred in so cooperating with such Borrower in contesting the imposition of such Tax; provided, however, that notwithstanding the foregoing, no Lender shall be required to afford such Borrower the opportunity to contest, or cooperate with such Borrower in contesting, the imposition of any Taxes, if such Lender in good faith determines that to do so would have an adverse effect on it.

(viii) If the Administrative Agent or any Lender is entitled to an exemption from or reduction in the rate of the imposition, deduction or withholding of any Tax or Other Tax under the laws of the jurisdiction in which any Foreign Subsidiary Borrower is organized or engaged in business, or any treaty to which such jurisdiction is a party, with respect to payments by such Foreign Subsidiary Borrower under this Agreement or any other Loan Document, then the Administrative Agent or such Lender (as the case may be) shall, at the request of the Company, deliver to such Foreign Subsidiary Borrower or the relevant Governmental Authority, in the manner and at the time or times prescribed by applicable law or as reasonably requested by the Company (such request to be at least 60 days prior to the due date required for submission thereof), such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Company (and in form and substance reasonably acceptable to the Administrative Agent or such Lender (as applicable)) as will permit such payments to be made without the imposition, deduction or withholding of such Tax or Other Tax or at a reduced rate, provided that the Administrative Agent or such Lender is legally entitled to complete, execute and deliver such documentation and in its reasonable judgment such completion, execution or submission would not materially prejudice its commercial or legal position or require disclosure of information it considers confidential or proprietary.

(ix) If the Administrative Agent or a Lender determines, in its sole discretion, that it has received a refund of any Taxes or Other Taxes as to which it has been indemnified by any Borrower or with respect to which the Borrowers have paid additional amounts pursuant to this Section 2.14(E), it shall pay to such Borrower an amount equal to such refund (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrowers under this Section 2.14(E) giving rise to such refund), net of all expenses of the Administrative Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that each Borrower, upon the request of the Administrative Agent or such Lender, agrees to repay the amount paid over to the applicable Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the

Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrowers or any other Person.

(x) Each Lender shall severally indemnify the Administrative Agent for any taxes, levies, imposts, deductions, fees, assessments, duties, charges, withholdings, and any interest, penalties or liabilities with respect thereto (but, in the case of any Taxes or Other Taxes, only to the extent that the Borrowers have not already indemnified the Administrative Agent for such Taxes or Other Taxes and without limiting the obligation of each Borrower to do so) attributable to such Lender that are paid or payable by the Administrative Agent in connection with this Agreement and any reasonable expenses arising therefrom or with respect thereto, whether or not such amounts were correctly or legally imposed or asserted by the relevant Governmental Authority. The indemnity under this Section 2.14(L)(x) shall be paid within thirty (30) days after the Administrative Agent delivers to the applicable Lender a certificate stating the amount so paid or payable by the Administrative Agent. Such certificate shall be conclusive of the amount so paid or payable absent manifest error.

2.15 **Notification of Advances, Interest Rates, Prepayments and Aggregate Revolving Loan Commitment Reductions.** Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Aggregate Revolving Loan Commitment reduction notice, Borrowing/Election Notice, and repayment notice received by it hereunder. The Administrative Agent will notify each Lender of the interest rate applicable to each Eurocurrency Rate Loan and RFR Loan promptly upon determination of such interest rate and will give each Lender prompt notice of each change in the Alternate Base Rate.

2.16 **Lending Installations.** Each Lender may book its Loans or Letters of Credit at any Lending Installation selected by such Lender and may change its Lending Installation from time to time upon reasonable written notice thereof to the Company. All terms of this Agreement shall apply to any such Lending Installation. Each Lender may, by written or facsimile notice to the Administrative Agent and the Company, designate a Lending Installation through which Loans will be made by it and for whose account Loan payments and/or payments of LC Obligations are to be made.

2.17 **Non-Receipt of Funds by the Administrative Agent.** Unless a Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (i) in the case of a Lender, the proceeds of a Loan or (ii) in the case of a Borrower, a payment of principal, interest or fees to the Administrative Agent for the account of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing

on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (i) in the case of payment by a Lender, the Overnight Rate for such day or (ii) in the case of payment by a Borrower, the interest rate applicable to the relevant Loan.

2.18 **Termination Date.** This Agreement shall be effective until the Termination Date. Notwithstanding the termination of this Agreement, until (A) all of the Obligations (other than contingent indemnity obligations) shall have been fully paid and satisfied in cash, (B) all financing arrangements among the Borrowers and the Lenders shall have been terminated and (C) all of the Letters of Credit shall have expired, been canceled, terminated or cash collateralized in accordance with [Section 3.3\(B\)](#) or [Section 3.11](#), as applicable, all of the rights and remedies under this Agreement and the other Loan Documents shall survive.

2.19 **Replacement of Certain Lenders.** In the event a Lender ("**Affected Lender**") shall:
(i) be a Defaulting Lender or Non-Extending Lender, (ii) have requested compensation from a Borrower under [Sections 2.14\(E\)](#), [4.1](#) or [4.2](#) to recover Taxes, Other Taxes or other additional costs incurred by such Lender which are not being requested generally by the other Lenders, (iii) have delivered a notice pursuant to [Section 4.3](#) claiming that such Lender is unable to extend Eurocurrency Rate Loans or RFR Loans to a Borrower for reasons not generally applicable to the other Lenders, (iv) have invoked [Section 10.2](#) or (v) failed to consent to a waiver or amendment hereto which requires the consent of each Lender or each Lender affected thereby and that has otherwise been consented to by the Required Lenders, then, in any such case, the applicable Borrower (or the Company on behalf of any Borrower) or the Administrative Agent may make written demand on such Affected Lender (with a copy to the Administrative Agent in the case of a demand by a Borrower and a copy to the applicable Borrower in the case of a demand by the Administrative Agent) for the Affected Lender to assign, and such Affected Lender shall use commercially reasonable efforts to assign pursuant to one or more duly executed Assignment Agreements five (5) Business Days after the date of such demand, to one or more financial institutions that comply with the provisions of [Section 13.3\(A\)](#) which the applicable Borrower or the Administrative Agent, as the case may be, shall have engaged for such purpose ("**Replacement Lender**"), all of such Affected Lender's rights and obligations under this Agreement and the other Loan Documents (including, without limitation, its Revolving Loan Commitment, all Loans owing to it, all of its participation interests in existing Letters of Credit, and its obligation to participate in additional Letters of Credit and Swing Line Loans hereunder) in accordance with [Section 13.3](#). The Administrative Agent agrees, upon the occurrence of such events with respect to an Affected Lender and upon the written request of the applicable Borrower (or the Company on behalf of any Borrower), to use its reasonable efforts to obtain the commitments from one or more financial institutions to act as a Replacement Lender. The Administrative Agent is authorized to execute one or more of such assignment agreements as attorney-in-fact for any Affected Lender failing to execute and deliver the same within five (5) Business Days after the date of such demand. Further, with respect to such assignment the Affected Lender shall have concurrently received, in cash, all amounts due and owing to the Affected Lender hereunder or under any other Loan Document, including, without limitation, the aggregate outstanding principal amount of the Loans owed to such Lender, together with accrued interest thereon through the date of such assignment, amounts payable under [Sections 2.14\(E\)](#), [4.1](#), and [4.2](#) with respect to such Affected Lender and compensation payable under [Section 2.14\(C\)](#) in the event of any replacement of any Affected Lender under [clause \(ii\)](#) or [clause \(iii\)](#) of this [Section 2.19](#); provided that upon such Affected

Lender's replacement, such Affected Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14(E), 4.1, 4.2, 4.4, and 10.7, as well as to any fees accrued for its account hereunder and not yet paid, and shall continue to be obligated under Section 11.8 for such amounts, obligations and liabilities as are due and payable up to and including (but not after) the date such Affected Lender is replaced pursuant hereto. Upon the replacement of any Affected Lender pursuant to this Section 2.19, the provisions of Section 9.2 shall continue to apply with respect to Loans which are then outstanding with respect to which the Affected Lender failed to fund its Pro Rata Share and which failure has not been cured.

2.20 **Judgment Currency.** If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due from any Borrower hereunder in the currency expressed to be payable herein (the "specified currency") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the specified currency with such other currency at the Administrative Agent's main office in Charlotte, North Carolina on the Business Day preceding that on which the final, non-appealable judgment is given. The obligations of each Borrower in respect of any sum due to any Lender or the Administrative Agent hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Administrative Agent (as the case may be) of any sum adjudged to be so due in such other currency such Lender or the Administrative Agent (as the case may be) may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Lender or the Administrative Agent, as the case may be, in the specified currency, each Borrower agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Administrative Agent, as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Lender or the Administrative Agent, as the case may be, in the specified currency and (b) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender under Section 12.2, such Lender or the Administrative Agent, as the case may be, agrees to remit such excess to the applicable Borrower.

2.21 **Denomination of Amounts in Dollars: Dollar Equivalent of Reimbursement Obligations.**

(A) [Reserved].

(B) **Calculation of Amounts.** Except as set forth below, all amounts referenced in this Article II shall be calculated using the Dollar Amount determined based upon the Equivalent Amount in effect as of the date of any determination thereof; provided, however, that to the extent the applicable Borrower shall be obligated hereunder to pay in Dollars any Advance denominated in a currency other than Dollars, such amount shall be paid in Dollars using the Dollar Amount of the Advance (calculated based upon the Equivalent Amount in effect on the date of payment thereof) and in the event that the applicable Borrower does not reimburse the Administrative Agent and the Lenders are required to fund a purchase of a participation in such Advance, such purchase shall be made in Dollars in an amount equal to the Dollar Amount of such Advance (calculated

based upon the Equivalent Amount in effect on the date of payment thereof). Notwithstanding anything herein to the contrary, the full risk of currency fluctuations shall be borne by the Borrowers and each Borrower agrees to indemnify and hold harmless each Issuing Bank, the Administrative Agent and the Lenders from and against any loss resulting from any borrowing denominated in a currency other than in Dollars and for which the Lenders are not reimbursed on the day of such borrowing as it relates to such Borrower's respective obligations.

2.22 **Increase of Aggregate Revolving Loan Commitment, Incremental Term Loans.** The Company may from time to time elect to increase the Aggregate Revolving Loan Commitment and/or enter into one or more tranches of term loans (each an "Incremental Term Loan"), or any combination of such increases and Incremental Term Loans, in each case in a minimum aggregate amount of \$25,000,000 and increments of \$5,000,000 in excess thereof so long as, after giving effect thereto, (x) the aggregate amount of such increases and all such Incremental Term Loans does not exceed \$500,000,000 and (y) the sum of the Aggregate Revolving Loan Commitment plus the amount of all such Incremental Term Loans does not exceed \$1,500,000,000. The Company may arrange for any such increase or tranche to be provided by one or more Lenders agreeing to an increase in its existing Revolving Loan Commitment or to participate in such Incremental Term Loans, as the case may be (each such Lender, an "Increasing Lender"), or by one or more new banks, financial institutions or other entities (each such new bank, financial institution or other entity, an "Augmenting Lender") agreeing to extend Revolving Loan Commitments or to participate in such Incremental Term Loans, as the case may be; provided that (i) each Augmenting Lender shall be subject to the approval of the Company, the Administrative Agent, the Issuing Bank and the Swing Line Bank, (ii) no Augmenting Lender shall be the Company or any Subsidiary or Affiliate of the Company and (iii) (x) in the case of an Increasing Lender, the Company and such Increasing Lender execute an agreement substantially in the form of Exhibit M-1 hereto, and (y) in the case of an Augmenting Lender, the Company and such Augmenting Lender execute an agreement substantially in the form of Exhibit M-2 hereto. No consent of any Lender (other than the Lenders participating in the increase or any Incremental Term Loan) shall be required for any increase in Revolving Loan Commitments or Incremental Term Loan pursuant to this Section 2.22. Increases and new Revolving Loan Commitments and Incremental Term Loans created pursuant to this Section 2.22 shall become effective on the date agreed by the Company, the Administrative Agent and the relevant Increasing Lenders or Augmenting Lenders, and the Administrative Agent shall notify each Lender thereof. Notwithstanding the foregoing, no increase in the Revolving Loan Commitments (or in the Revolving Loan Commitment of any Lender) or tranche of Incremental Term Loans shall become effective under this paragraph unless, (i) on the proposed date of the effectiveness of such increase or Incremental Term Loans, (A) the conditions set forth in paragraphs (A) and (B) of Section 5.2 shall be satisfied or waived by the Required Lenders and the Administrative Agent shall have received a certificate to that effect dated such date and executed by an Authorized Signer of the Company and (B) the Company shall be in compliance on a pro forma basis with the covenants contained in Section 7.4 and (ii) the Administrative Agent shall have received documents consistent with those delivered on the Closing Date as to the organizational power and authority of the Borrowers to borrow hereunder after giving effect to such increase. On the effective date of any Incremental Term Loans being made, each relevant Increasing Lender and Augmenting Lender shall make available to the Administrative Agent its Incremental Term Loan in immediately available funds and the Administrative Agent will promptly make the funds so received available to the Company. On the effective date of any increase in the Revolving Loan

Commitments (i) each relevant Increasing Lender and Augmenting Lender shall make available to the Administrative Agent such amounts in immediately available funds as the Administrative Agent shall determine, for the benefit of the other Lenders, as being required in order to cause, after giving effect to such increase and the use of such amounts to make payments to such other Lenders, each Lender's portion of the outstanding Revolving Loans of all the Lenders to equal its Pro Rata Share of such outstanding Revolving Loans, and (ii) the Borrowers shall be deemed to have repaid and reborrowed all outstanding Revolving Loans as of the date of any increase in the Revolving Loan Commitments (with such reborrowing to consist of the Types of Revolving Loans, with related Interest Periods if applicable, specified in a notice delivered by the applicable Borrower, or the Company on behalf of the applicable Borrower, in accordance with the requirements of Section 2.1(B)). The deemed payments made pursuant to clause (ii) of the immediately preceding sentence shall be accompanied by payment of all accrued interest on the amount prepaid and, in respect of each Fixed-Rate Loan and RFR Loan, shall be subject to indemnification by the Borrowers pursuant to the provisions of Section 4.4 if the deemed payment occurs other than on the last day of the related Interest Periods with respect to Fixed-Rate Loans or on a Payment Date with respect to RFR Loan. The Incremental Term Loans (a) shall rank pari passu in right of payment with the Revolving Loans, (b) shall not mature earlier than the Revolving Loan Termination Date (but may have amortization prior to such date) and (c) shall be treated substantially the same as (and in any event no more favorably than) the Revolving Loans, provided that (i) the terms and conditions applicable to any tranche of Incremental Term Loans maturing after the Revolving Loan Termination Date may be priced differently than the Revolving Loans. Incremental Term Loans may be made hereunder pursuant to an amendment or restatement (an "Incremental Term Loan Amendment") of this Agreement and, as appropriate, the other Loan Documents, executed by the Borrowers, each Increasing Lender participating in such tranche, each Augmenting Lender participating in such tranche, if any, and the Administrative Agent. The Incremental Term Loan Amendment may, without the consent of any other Lenders (except to the extent required pursuant to Section 9.3), effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, to effect the provisions of this Section 2.22. Nothing contained in this Section 2.22 shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to increase its Revolving Loan Commitment hereunder, or provide Incremental Term Loans, at any time.

2.23

Subsidiary Borrowers and Foreign Subsidiary Borrowers. So long as no Default or Unmatured Default has occurred and is continuing, the Company may from time to time add as a party to this Agreement (i) a wholly-owned Domestic Incorporated Subsidiary as a "Domestic Subsidiary Borrower" hereunder or (ii) a Foreign Subsidiary as a "Foreign Subsidiary Borrower" hereunder, each such joinder to be subject to (a) if such new Borrower is organized outside of an Agreed Jurisdiction, the prior written consent of the Administrative Agent and one hundred percent (100%) of the Lenders, (b) the receipt of evidence satisfactory to the Administrative Agent that such Domestic Incorporated Subsidiary or Foreign Subsidiary would not, in its capacity as a Subsidiary Borrower or Foreign Subsidiary Borrower hereunder, be required by law to withhold or deduct any Taxes from or in respect of any sum payable hereunder by such Domestic Incorporated Subsidiary or Foreign Subsidiary Borrower to the Administrative Agent or any Lender and that no other adverse tax, regulatory or other consequences would affect the

Administrative Agent or any Lender as a result of such Domestic Incorporated Subsidiary's or Foreign Subsidiary's status as a Subsidiary Borrower or Foreign Subsidiary Borrower (and the Administrative Agent shall consider in making such determination any notice received from any Lender of any such adverse tax, regulatory or other consequences which would affect such Lender), (c) receipt by the Administrative Agent of a valid and enforceable amendment to this Agreement to the extent the Administrative Agent deems such amendment necessary or advisable in connection with such joinder, (d) the execution and delivery to the Administrative Agent by such Domestic Incorporated Subsidiary or Foreign Subsidiary of duly completed documentation pursuant to which such Domestic Incorporated Subsidiary or Foreign Subsidiary shall agree to become a Subsidiary Borrower or Foreign Subsidiary Borrower hereunder and to perform, comply with and be bound by each of the provisions of this Agreement applicable to the Borrowers, with the written consent of the Company appearing thereon, which may be in the form of a Borrowing Subsidiary Agreement, and (e) the execution and delivery to the Administrative Agent of each other instrument, document and agreement as the Administrative Agent may reasonably request, including, without limitation, acceptable opinions of counsel. Upon satisfaction of all such conditions, such Domestic Incorporated Subsidiary or Foreign Subsidiary shall for all purposes be a party hereto as a Subsidiary Borrower or Foreign Subsidiary Borrower as fully as if it had executed and delivered this Agreement. Concurrent with the addition of any Domestic Incorporated Subsidiary or Foreign Subsidiary of the Company as a Subsidiary Borrower or Foreign Subsidiary Borrower, (j) the Company and each Domestic Subsidiary Borrower shall be jointly and severally liable for all of the Obligations of the Company, each Subsidiary Borrower and each Foreign Subsidiary Borrower under the Loan Documents, provided, however, that the Foreign Subsidiary Borrowers (including those Foreign Subsidiary Borrowers party hereto as of the Closing Date) shall not be liable for any Obligations other than each Foreign Subsidiary Borrower's own Obligations, (ii) each Borrower shall be permitted to request Advances hereunder and (iii) all references herein to the "Borrower" shall be deemed to be references to the Company, each Subsidiary Borrower and each Foreign Subsidiary Borrower, individually and collectively. The joinder of any Foreign Subsidiary as a Foreign Subsidiary Borrower shall also be subject to satisfaction of the conditions precedent set forth in Section 5.3. No Lender will be required to hold any commitment or make any advance to an additional Foreign Subsidiary Borrower, including, without limitation, a Foreign Subsidiary Borrower organized in an Agreed Jurisdiction, if after the Closing Date the Lender has determined in good faith that such commitment or advance would violate Requirements of Law, and the Lender has notified the Administrative Agent and the Company of such determination prior to the joinder of the applicable Foreign Subsidiary Borrower. The parties hereto acknowledge and agree that to the extent any Lender requests additional documentation and information (including, without limitation a Beneficial Ownership Certification) required by regulatory authorities under applicable "know your customer" and provisions of anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act or the Beneficial Ownership Regulation, no later than five (5) Business Days prior to the effective date of any new Foreign Subsidiary Borrower becoming party hereto (such date, the "Joinder Date"), the Company or such potential Foreign Subsidiary Borrower shall provide such additional documentation and information to such Lender no later than three (3) Business Days prior to the Joinder Date before such new Foreign Subsidiary Borrower shall be entitled to utilize the credit facilities provided for herein.

Upon the delivery by the Company of a Borrowing Subsidiary Termination with respect to any Subsidiary, such Subsidiary shall cease to be a Subsidiary Borrower or Foreign Subsidiary

Borrower, as applicable, and a party to this Agreement. Notwithstanding the preceding sentence, no Borrowing Subsidiary Termination will become effective as to any Subsidiary Borrower or Foreign Subsidiary Borrower at a time when any principal of or interest on any Loan to such Borrower shall be outstanding hereunder, provided that such Borrowing Subsidiary Termination shall be effective to terminate the right of such Subsidiary Borrower or Foreign Subsidiary Borrower to make further borrowings under this Agreement. As soon as practicable upon receipt of a Borrowing Subsidiary Agreement, the Administrative Agent shall furnish a copy thereof to each Lender.

2.24 Defaulting Lenders

Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

- (A) fees shall cease to accrue on the Revolving Loan Commitment (whether used or unused) of such Defaulting Lender pursuant to Section 2.14(C);
- (B) the Revolving Loan Commitment and Revolving Credit Obligations of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including consent to any waiver, amendment or other modification pursuant to Section 9.3) provided that this clause (B) shall not apply to the vote of a Defaulting Lender in the case of (i) any increase or extension of the Revolving Loan Commitment of such Defaulting Lender or (ii) any amendment, waiver or other modification requiring the consent of each Lender affected thereby pursuant to the first clause (ii) or (iii) of Section 9.3;
- (C) if any Swing Line Exposure or L/C Obligations exist at the time such Lender becomes a Defaulting Lender then:
- (i) all or any part of the Swing Line Exposure and L/C Obligations of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Pro Rata Shares but only to the extent the sum of all non-Defaulting Lenders' Revolving Credit Obligations plus such Defaulting Lender's Swing Line Exposure and L/C Obligations does not exceed the total of all non-Defaulting Lenders' Revolving Loan Commitments, and
- (ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the applicable Borrower shall within one Business Day following notice by the Administrative Agent (x) first, prepay such Swing Line Exposure and (y) second, cash collateralize, for the benefit of the Issuing Banks only, such Borrower's obligations corresponding to such Defaulting Lender's L/C Obligations (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 3.11 for so long as such L/C Obligations are outstanding;
- (iii) if the Company cash collateralizes any portion of such Defaulting Lender's L/C Obligations pursuant to clause (ii) above, the Company shall not be required to pay any fees to such Defaulting Lender pursuant to Section 3.8 with respect to such Defaulting

Lender's L/C Obligations during the period such Defaulting Lender's L/C Obligations are cash collateralized;

(iv) if the L/C Obligations of the non-Defaulting Lenders are reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 3.8 shall be adjusted in accordance with such non-Defaulting Lenders' Pro Rata Shares; or

(v) if all or any portion of such Defaulting Lender's L/C Obligations are neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of any Issuing Bank or any Lender hereunder, all unused fees that would otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Revolving Loan Commitment that was utilized by such L/C Obligations) and letter of credit fees payable under Section 3.8 with respect to such Defaulting Lender's L/C Obligations shall be payable to the Issuing Banks until and to the extent that such L/C Obligations are reallocated and/or cash collateralized;

(D) so long as such Lender is a Defaulting Lender, the Swing Line Bank shall not be required to fund any Swing Line Loan, and no Issuing Bank shall be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and such Defaulting Lender's then outstanding L/C Obligations will be 100% covered by the Revolving Loan Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Company in accordance with Section 3.11, and participating interests in any such newly made Swing Line Loan or newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.24(C)(i) (and Defaulting Lenders shall not participate therein);

(E) if (i) a Bankruptcy Event or Bail-In Action with respect to a Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) the Swing Line Bank or an Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Swing Line Bank shall not be required to fund any Swing Line Loan and no Issuing Bank shall be required to issue, amend or increase any Letter of Credit, unless the Swing Line Bank or such Issuing Bank, as the case may be, shall have entered into arrangements with the Borrowers or such Lender, satisfactory to the Swing Line Bank or such Issuing Bank, as the case may be, to defuse any risk to it in respect of such Lender hereunder;

(F) in the event that the Administrative Agent, the Company, the Issuing Banks and the Swing Line Bank each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swing Line Exposure and L/C Obligations of the Lenders shall be readjusted to reflect the inclusion of such Lender's Revolving Loan Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders (other than Swing Line Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Pro Rata Share; and

(G) any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, pursuant to Article VIII or otherwise) or received by the Administrative Agent from a

Defaulting Lender pursuant to Section 12.1 shall be applied at such time or times as may be determined by the Administrative Agent as follows: *first*, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder; *second*, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to the Issuing Banks or the Swing Line Bank hereunder; *third*, to cash collateralize the L/C Obligations of the Issuing Banks with respect to such Defaulting Lender in accordance with Section 3.11; *fourth*, as the Company may request (so long as no Default or Unmatured Default exists), to the funding of any Loan or funded participation in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent; *fifth*, if so determined by the Administrative Agent and the Company, to be held in a deposit account and released pro rata in order to (A) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans and funded participations under this Agreement and (B) cash collateralize the Issuing Banks' future L/C Obligations with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 3.11; *sixth*, to the payment of any amounts owing to the Lenders, the Issuing Banks or the Swing Line Bank as a result of any judgment of a court of competent jurisdiction obtained by any Lender, any Issuing Bank or the Swing Line Bank against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; *seventh*, so long as no Default or Unmatured Default exists, to the payment of any amounts owing to any Borrower as a result of any judgment of a court of competent jurisdiction obtained by such Borrower against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement; and *eighth*, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction, provided that if (1) such payment is a payment of the principal amount of any Loans or funded participations in Letters of Credit or Swing Line Loans in respect of which such Defaulting Lender has not fully funded its appropriate share, and (2) such Loans were made or the related Letters of Credit or Swing Line Loans were issued at a time when the conditions set forth in Section 5.2 were satisfied or waived, such payment shall be applied solely to pay the Loans of, and funded participations in Letters of Credit or Swing Line Loans owed to, all non-Defaulting Lenders on a pro rata basis prior to being applied to the payment of any Loans of, or funded participations in Letters of Credit or Swing Line Loans owed to, such Defaulting Lender until such time as all Loans and funded and unfunded participations in L/C Obligations and Swing Line Loans are held by the Lenders pro rata in accordance with the Revolving Loan Commitments without giving effect to Section 2.24(C). Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post cash collateral pursuant to this Section 2.24(G) shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

2.25 Extension of Revolving Loan Termination Date

(A) Requests for Extension. The Company may, by notice to the Administrative Agent (who shall promptly notify the Lenders) not earlier than 60 days and not later than 30 days prior to any anniversary date of the Closing Date (each, an "Anniversary Date"), request that each Lender extend such Lender's then existing Revolving Loan Termination Date for a period of one year; provided that the Company may only make two such requests.

(B) Lender Elections to Extend. Each Lender, acting in its sole and individual discretion, shall, by notice to the Administrative Agent given not earlier than 30 days prior to the

applicable Anniversary Date and not later than the date (the "**Notice Date**") that is 20 days prior to such Anniversary Date, advise the Administrative Agent whether or not such Lender agrees to such extension (and each Lender that determines not to so extend its Revolving Loan Termination Date (a "**Non-Extending Lender**") shall notify the Administrative Agent of such fact promptly after such determination (but in any event no later than the Notice Date) and any Lender that does not so advise the Administrative Agent on or before the Notice Date shall be deemed to be a Non-Extending Lender. The election of any Lender to agree to such extension shall not obligate any other Lender to so agree.

(C) **Notification by Administrative Agent.** The Administrative Agent shall notify the Company of each Lender's determination under this Section no later than the date 15 days prior to the applicable Anniversary Date (or, if such date is not a Business Day, on the next preceding Business Day).

(D) **Additional Commitment Lenders.** The Company shall have the right on or before the Revolving Loan Termination Date to replace each Non-Extending Lender with, and add as "Lenders" under this Agreement in place thereof, one or more Purchasers (each, an "**Additional Commitment Lender**") with the approval of the Administrative Agent and the Issuing Bank(s) (which approvals shall not be unreasonably withheld), each of which Additional Commitment Lenders shall have entered into an agreement in form and substance satisfactory to the Company and the Administrative Agent pursuant to which such Additional Commitment Lender shall, effective as of the applicable Anniversary Date, undertake a Revolving Loan Commitment (and, if any such Additional Commitment Lender is already a Lender, its Revolving Loan Commitment shall be in addition to such Lender's Revolving Loan Commitment hereunder on such date).

(E) **Minimum Extension Requirement.** If (and only if) the total of the Revolving Credit Commitments of the Lenders that have agreed so to extend their Revolving Loan Termination Date and the additional Revolving Loan Commitments of the Additional Commitment Lenders shall be more than 50% of the aggregate amount of the Revolving Loan Commitments in effect immediately prior to the applicable Anniversary Date, then, effective as of the Anniversary Date, the Revolving Loan Termination Date of each extending Lender and of each Additional Commitment Lender shall be extended to the date falling one year after the then-existing Revolving Loan Termination Date (except that, if such date is not a Business Day, such Revolving Loan Termination Date as so extended shall be the next preceding Business Day) and each Additional Commitment Lender shall thereupon become a "Lender" for all purposes of this Agreement.

(F) **Conditions to Effectiveness of Extensions.** Notwithstanding the foregoing, the extension of the Revolving Loan Termination Date pursuant to this Section shall not be effective with respect to any Lender unless:

- (i) no Default or Unmatured Default shall have occurred and be continuing on the date of such extension and after giving effect thereto;
- (ii) the representations and warranties contained in this Agreement are true and correct on and as of the date of such extension and after giving effect thereto, as though made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date);

- (iii) the Company shall have delivered to the Administrative Agent an officer's certificate confirming clauses (i) and (ii) above;
- (iv) on the date of such extension and after giving effect thereto, the remaining tenor of this Agreement shall not exceed five years; and
- (v) all fees, expenses and other amounts payable on or prior to the date of such extension shall have been paid.

(G) Payments on Non-Extended Maturity. On or before the Revolving Loan Termination Date of each Non-Extending Lender, (1) the Borrowers shall have paid in full the principal of and interest on all of the Loans made by such Non-Extending Lender to the Borrowers hereunder and (2) the Borrowers shall have paid in full all other amounts owing to such Lender hereunder.

ARTICLE III: THE LETTER OF CREDIT FACILITY

3.1 Obligation to Issue Letters of Credit. Subject to the terms and conditions of this Agreement and in reliance upon the representations, warranties and covenants of the Borrowers herein set forth, each Issuing Bank hereby agrees to issue for the account of the Borrowers through such Issuing Bank's branches as it and the applicable Borrower may jointly agree, one or more Letters of Credit denominated in Dollars or, so long as such currency remains an Agreed Currency, euro, British Pounds Sterling and Yen, in accordance with this Article III, in the Dollar Amount of an aggregate amount not to exceed its L/C Commitment, from time to time during the period commencing on the Closing Date and ending on the Business Day prior to the Termination Date.

3.2 Transitional Letters of Credit. Schedule 3.2 contains a schedule of certain letters of credit issued for the account of the Company prior to the Closing Date (the "Transitional Letters of Credit"). Subject to the satisfaction of the conditions contained in Sections 5.1 and 5.2, from and after the Closing Date such letters of credit shall be deemed to be Letters of Credit issued pursuant to this Article III.

3.3 Types and Amounts. No Issuing Bank shall have any obligation to and no Issuing Bank shall:

(A) issue (or amend) any Letter of Credit if on the date of issuance (or amendment), before or after giving effect to the Letter of Credit requested hereunder, (i) the Dollar Amount of the Revolving Credit Obligations at such time would exceed the Aggregate Revolving Loan Commitment at such time, (ii) the aggregate outstanding Dollar Amount of the L/C Obligations would exceed \$50,000,000, (iii) the aggregate outstanding Dollar Amount of L/C Obligations relating to Letters of Credit having expiration dates more than two (2) years after the date of issuance thereof exceeds \$5,000,000 or (iv) the aggregate outstanding Dollar Amount of the L/C Obligations issued by such Issuing Bank would exceed its L/C Commitment; or

(B) issue (or amend) any Letter of Credit which has an expiration date later than the date which is the earlier of (x) two (2) years after the date of issuance thereof (provided, however, that an Issuing Bank may issue (or amend) a Letter of Credit with an expiration date up to five years after the date of issuance thereof if the requirements of Section 3.3(A)(iii) are met and such

expiration date does not run beyond the date contemplated in the following clause (x) or (y) subject to the following sentence, five (5) Business Days immediately preceding the Revolving Loan Termination Date; provided, that any Letter of Credit with a one-year term or a two-year term (or longer term as contemplated above), as applicable, may provide for the renewal thereof for additional one-year, two-year or longer periods (which in no event shall extend beyond the date referred to in clause (x) above). Notwithstanding anything to the contrary set forth in this Agreement, a Letter of Credit may have an expiry date that occurs within five (5) Business Days before the Revolving Loan Termination Date or after the Revolving Loan Termination Date so long as, in each case, the Administrative Agent receives from the applicable Borrower, at least five (5) Business Days prior to the earlier of the applicable Letter of Credit's expiry date and the Revolving Loan Termination Date, an amount in immediately available funds equal to at least one hundred two percent (102%) of the L/C Obligations owing under or in connection with such Letter of Credit. Any such collateral shall be held by the Administrative Agent in a separate account appropriately designated as a cash collateral account in relation to this Agreement and the Letters of Credit and retained by the Administrative Agent for the benefit of the Lenders and the Issuing Banks as collateral security for the Borrowers' obligations in respect of this Agreement and such Letter of Credit. Amounts remaining in any cash collateral account established pursuant to this Section 2.3 which are not applied to reimburse an Issuing Bank for amounts actually paid or to be paid by such Issuing Bank in respect of a Letter of Credit or otherwise applied to the Obligations shall be returned to the applicable Borrower within one (1) Business Day (after deduction of the Administrative Agent's expenses incurred in connection with such cash collateral account).

3.4 Conditions. In addition to being subject to the satisfaction of the conditions contained in Sections 5.1 and 5.2, the obligation of an Issuing Bank to issue any Letter of Credit is subject to the satisfaction in full of the following conditions:

(A) the applicable Borrower shall have delivered to the applicable Issuing Bank (and, if the Issuing Bank is a Lender other than Wells Fargo, with a copy to the Administrative Agent) at such times and in such manner as such Issuing Bank may reasonably prescribe, a request for issuance of such Letter of Credit in substantially the form of Exhibit C hereto (each such request a "Request For Letter of Credit"), duly executed applications for such Letter of Credit, and such other documents, instructions and agreements as may be required pursuant to the terms thereof (all such applications, documents, instructions, and agreements being referred to herein as the "L/C Documents"), and the proposed Letter of Credit shall be reasonably satisfactory to such Issuing Bank as to form and content; it being agreed that any Letter of Credit application submitted by the Company through any Issuing Bank's approved internet portal or approved electronic intake system shall be deemed to meet all of the requirements of this Section 3.4(A) with no further action being required by the applicable Borrower; and

(B) as of the date of issuance no order, judgment or decree of any court, arbitrator or Governmental Authority shall purport by its terms to enjoin or restrain the applicable Issuing Bank from issuing such Letter of Credit and no law, rule or regulation applicable to such Issuing Bank and no request or directive (whether or not having the force of law) from a Governmental Authority with jurisdiction over such Issuing Bank shall prohibit or request that such Issuing Bank refrain from the issuance of Letters of Credit generally or the issuance of that Letter of Credit.

(C) In the event of any conflict between the terms of this Agreement and the terms of any application for a Letter of Credit, the terms of this Agreement shall control.

3.5 Procedure for Issuance of Letters of Credit

(A) Subject to the terms and conditions of this Article III and provided that the applicable conditions set forth in Sections 5.1 and 5.2 hereof have been satisfied, the applicable Issuing Bank shall, on the requested date, issue a Letter of Credit on behalf of the applicable Borrower in accordance with such Issuing Bank's usual and customary business practices and, in this connection, such Issuing Bank may assume that the applicable conditions set forth in Section 5.2 hereof have been satisfied unless it shall have received notice to the contrary from the Administrative Agent or a Lender or has knowledge that the applicable conditions have not been met.

(B) The applicable Issuing Bank shall give the Administrative Agent written notice, or telephonic notice confirmed promptly thereafter in writing, of the issuance of a Letter of Credit; provided, however, that the failure to provide such notice shall not result in any liability on the part of such Issuing Bank.

(C) No Issuing Bank shall extend or amend any Letter of Credit unless the requirements of this Section 3.5 are met as though a new Letter of Credit was being requested and issued.

3.6 Letter of Credit Participation. On the date of this Agreement with respect to the Letters of Credit identified on Schedule 3.2 and immediately upon the issuance of each Letter of Credit hereunder, each Lender with a Pro Rata Share shall be deemed to have automatically, irrevocably and unconditionally purchased and received from the applicable Issuing Bank an undivided interest and participation in and to such Letter of Credit, the obligations of the applicable Borrower in respect thereof, and the liability of such Issuing Bank thereunder (collectively, an "L/C Interest") in an amount equal to the Dollar Amount available for drawing under such Letter of Credit multiplied by such Lender's Pro Rata Share. Each Issuing Bank will notify each Lender promptly upon presentation to it of an L/C Draft or upon any other draw under a Letter of Credit. On or before the Business Day on which an Issuing Bank makes payment of each such L/C Draft or, in the case of any other draw on a Letter of Credit, on demand by the Administrative Agent or the applicable Issuing Bank, each Lender shall make payment to the Administrative Agent, for the account of the applicable Issuing Bank, in immediately available funds in the Agreed Currency in an amount equal to such Lender's Pro Rata Share of the Dollar Amount of such payment or draw. The obligation of each Lender to reimburse the Issuing Banks under this Section 3.6 shall be unconditional, continuing, irrevocable and absolute. In the event that any Lender fails to make payment to the Administrative Agent of any amount due under this Section 3.6, the Administrative Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Lender hereunder until the Administrative Agent receives such payment from such Lender or such obligation is otherwise fully satisfied, provided, however, that nothing contained in this sentence shall relieve such Lender of its obligation to reimburse the applicable Issuing Bank for such amount in accordance with this Section 3.6.

3.7 Reimbursement Obligation. Each Borrower agrees unconditionally, irrevocably and absolutely to pay immediately to the Administrative Agent, for the account of the Lenders, the

amount of each advance drawn under or pursuant to any Letter of Credit or an L/C Draft related thereto and issued on its behalf (such obligation of each Borrower to reimburse the Administrative Agent for an advance made under any Letter of Credit or L/C Draft being hereinafter referred to as a "**Reimbursement Obligation**") with respect to such Letter of Credit or L/C Draft), each such reimbursement to be made by such Borrower no later than the Business Day on which the applicable Issuing Bank makes payment of each such L/C Draft or, if such Borrower shall have received notice of a Reimbursement Obligation later than 11:00 a.m. (Chicago time, or local time in the city of the applicable Eurocurrency/RFR Payment Office if such L/C is issued to the account of a Foreign Subsidiary Borrower), on any Business Day or on a day which is not a Business Day, no later than 11:00 a.m. (Chicago time, or local time in the city of the applicable Eurocurrency/RFR Payment Office if such L/C is issued to the account of a Foreign Subsidiary Borrower), on the immediately following Business Day or, in the case of any other draw on a Letter of Credit, the date specified in the demand of such Issuing Bank. If any Borrower at any time fails to repay a Reimbursement Obligation pursuant to this Section 3.7, such Borrower shall be deemed to have elected to borrow Revolving Loans from the Lenders, as of the date of the advance giving rise to the Reimbursement Obligation, equal in amount to the Dollar Amount of the unpaid Reimbursement Obligation. Such Revolving Loans shall be made as of the date of the payment giving rise to such Reimbursement Obligation, automatically, without notice and without any requirement to satisfy the conditions precedent otherwise applicable to an Advance of Revolving Loans. Such Revolving Loans shall initially, until converted, constitute a Floating Rate Advance, the proceeds of which Advance shall be used to repay such Reimbursement Obligation. If, for any reason, any Borrower fails to repay a Reimbursement Obligation on the day such Reimbursement Obligation arises and, for any reason, the Lenders are unable to make or have no obligation to make Revolving Loans, then such Reimbursement Obligation shall bear interest from and after such day, until paid in full, at the interest rate otherwise applicable thereto plus two percent (2.0%) per annum.

3.8 Letter of Credit Fees. Each Borrower agrees to pay:

- (A) quarterly, in arrears, on each Payment Date occurring after the date of this Agreement (with the first such payment being calculated for the period from the Closing Date and ending on December 31, 2022, and, in addition, on the date on which the Aggregate Revolving Loan Commitment shall be terminated in whole), to the Administrative Agent for the ratable benefit of the Lenders a letter of credit fee at a rate per annum equal to the Applicable L/C Fee Percentage on the average daily outstanding Dollar Amount available for drawing under each standby Letter of Credit;
- (B) quarterly, in arrears, on each Payment Date occurring after the date of this Agreement (with the first such payment being calculated for the period from the Closing Date and ending on December 31, 2022, and, in addition, on the date on which the Aggregate Revolving Loan Commitment shall be terminated in whole), to the applicable Issuing Bank, a letter of credit fronting fee equal to 0.125% per annum on the average daily outstanding face amount available for drawing under each standby Letter of Credit issued by such Issuing Bank; and
- (C) to the applicable Issuing Bank, all customary fees and other issuance, amendment, cancellation, document examination, negotiation, transfer and presentment expenses and related charges in connection with the issuance, amendment, cancellation, presentation of L/C Drafts,

negotiation, transfer and the like customarily charged by such Issuing Banks with respect to standby Letters of Credit, payable at the time of invoice of such amounts.

3.9 Issuing Bank Reporting Requirements. In addition to the notices required by Section 3.5(B), each Issuing Bank shall, no later than the tenth (10th) Business Day following the last day of each month, provide to the Administrative Agent, upon the Administrative Agent's request, schedules, in form and substance reasonably satisfactory to the Administrative Agent, showing the date of issue, account party, Agreed Currency and amount in such Agreed Currency, expiration date and the reference number of each Letter of Credit issued by it outstanding at any time during such month and the aggregate amount payable by the applicable Borrower during such month. In addition, upon the request of the Administrative Agent, each Issuing Bank shall furnish to the Administrative Agent copies of any Letter of Credit and any application for or reimbursement agreement with respect to a Letter of Credit to which the Issuing Bank is party and such other documentation as may reasonably be requested by the Administrative Agent. Upon the request of any Lender, the Administrative Agent will provide to such Lender information concerning such Letters of Credit.

3.10 Indemnification/Exoneration

(A) In addition to amounts payable as elsewhere provided in this Article III, each Borrower hereby agrees to protect, indemnify, pay and save harmless the Administrative Agent, each Issuing Bank and each Lender from and against any and all liabilities and costs which the Administrative Agent, such Issuing Bank or such Lender may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit other than, in the case of the applicable Issuing Bank, to the extent resulting from its gross negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, or (ii) the failure of the applicable Issuing Bank to honor a drawing under a Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto Governmental Authority (all such acts or omissions herein called "Governmental Acts"). To the extent the Borrowers for any reason fail to indefeasibly pay any amount required under this clause (a), each Lender severally agrees to pay to the Administrative Agent or such Issuing Bank its respective Pro Rata Share of such unpaid amount.

(B) As among the Borrowers, the Lenders, the Administrative Agent and the Issuing Banks, each Borrower assumes all risks of the acts and omissions of, or misuse of such Letter of Credit by, the beneficiary of any Letter of Credit. In furtherance and not in limitation of the foregoing, subject to the provisions of the Letter of Credit applications and Letter of Credit reimbursement agreements executed by each Borrower at the time of request for any Letter of Credit, neither the Administrative Agent, any Issuing Bank nor any Lender shall be responsible (in the absence of gross negligence or willful misconduct in connection therewith, as determined by the final judgment of a court of competent jurisdiction): (i) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of a Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) for failure of the beneficiary of a Letter of Credit

comply duly with conditions required in order to draw upon such Letter of Credit, (iv) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, or other similar form of tele-transmission or otherwise; (v) for errors in interpretation of technical trade terms; (vi) for any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit or of the proceeds thereof; (vii) for the misapplication by the beneficiary of a Letter of Credit of the proceeds of any drawing under such Letter of Credit; and (viii) for any consequences arising from causes beyond the control of the Administrative Agent, the Issuing Banks and the Lenders, including, without limitation, any Governmental Acts. None of the above shall affect, impair, or prevent the vesting of any Issuing Bank's rights or powers under this [Section 3.10](#).

(C) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by any Issuing Bank under or in connection with the Letters of Credit or any related certificates shall not, in the absence of gross negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, put the applicable Issuing Bank, the Administrative Agent or any Lender under any resulting liability to the applicable Borrower or relieve the applicable Borrower of any of its obligations hereunder to any such Person.

(D) Without prejudice to the survival of any other agreement of the Borrowers hereunder, the agreements and obligations of the Borrowers contained in this [Section 3.10](#) shall survive the payment in full of principal and interest hereunder, the termination of the Letters of Credit and the termination of this Agreement.

3.11 Cash Collateral. Notwithstanding anything to the contrary herein or in any application for a Letter of Credit, following the occurrence and during the continuance of a Default upon the request of the Required Lenders or upon payout or termination of this Agreement in full in cash, each Borrower shall, on the Business Day that it receives Administrative Agent's demand or as required pursuant to [Section 9.1](#), deliver to the Administrative Agent for the benefit of the Lenders and the Issuing Banks, cash, or other collateral of a type satisfactory to the Required Lenders, having a value, as determined by such Lenders, equal to one hundred two percent (102%) of the aggregate Dollar Amount of its outstanding L/C Obligations; ~~provided that~~ upon the occurrence of a Default under [Section 8.1\(F\)](#) or [8.1\(G\)](#), such obligation to post cash collateral shall be deemed automatically effective. Any such collateral shall be held by the Administrative Agent in a separate interest-bearing account appropriately designated as a cash collateral account in relation to this Agreement and the Letters of Credit and retained by the Administrative Agent for the benefit of the Lenders and the Issuing Banks as collateral security for the applicable Borrower's obligations in respect of this Agreement and each of the Letters of Credit. Such amounts shall be applied to reimburse the Issuing Banks for drawings or payments under or pursuant to Letters of Credit, or if no such reimbursement is required, to payment of such of the other Obligations as the Administrative Agent shall determine. Amounts remaining in any cash collateral account established pursuant to this [Section 3.11](#) which are not applied to reimburse an Issuing Bank for amounts actually paid or to be paid by such Issuing Bank in respect of a Letter of Credit shall be returned to the applicable Borrower within one (1) Business Day (after deduction of the Administrative Agent's expenses incurred in connection with such cash collateral account).

3.12 Resignation of Issuing Banks.

(A) Any Issuing Bank may resign at any time by giving 30 days' prior notice to the Administrative Agent, the Lenders and the Company. After the resignation of an Issuing Bank hereunder, the retiring Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement and the other Loan Documents with respect to Letters of Credit issued by it prior to such resignation, but shall not be required to issue additional Letters of Credit or to extend, renew or increase the outstanding Letter of Credit.

(B) Any resigning Issuing Bank shall retain all the rights, powers, privileges and duties of an Issuing Bank hereunder with respect to all Letters of Credit issued by it that are outstanding as of the effective date of its resignation as an Issuing Bank and all L/C Obligations with respect thereto (including the right to require the Lenders to take such actions as are required under Section 3.6). Without limiting the foregoing, upon the resignation of a Lender as an Issuing Bank hereunder, the Company may, or at the request of such resigned Issuing Bank the Company shall, use commercially reasonable efforts to, arrange for one or more of the other Issuing Bank to issue Letters of Credit in the applicable Agreed Currency hereunder in substitution for the Letters of Credit, if any, issued by such resigned Issuing Bank and outstanding at the time of such resignation, or make other arrangements satisfactory to the resigned Issuing Bank to assume the obligations of the resigned Issuing Bank with respect to any such Letters of Credit.

ARTICLE IV: CHANGE IN CIRCUMSTANCES

4.1 Yield Protection If any Change in Law:

(A) subjects the Administrative Agent, any Lender, any applicable Lending Installation or any Issuing Bank to any tax, levy, impost, deduction, fee, assessment, duty, charge or withholding, and any interest, penalties or liabilities with respect thereto, (excluding (1) Taxes, which are governed by Section 2.14(E), (2) amounts included in clauses (b) through (d) of the definition of Excluded Taxes, (3) Connection Income Taxes and (4) any other taxes for which such Lender has been reimbursed by such Borrower), on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto, or

(B) imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender, any applicable Lending Installation or any Issuing Bank (other than reserves and assessments taken into account in determining the interest rate applicable to Eurocurrency Rate Loans) with respect to its Revolving Loan Commitment, Loans, L/C Interests or the Letters of Credit, or

(C) imposes any other condition the result of which is to increase the cost to any Lender, any applicable Lending Installation or any Issuing Bank of making, funding or maintaining its Revolving Loan Commitment, the Loans, the L/C Interests or the Letters of Credit or reduces any amount receivable by any Lender, any applicable Lending Installation or any Issuing Bank in connection with Loans or Letters of Credit, or requires any Lender or any applicable Lending Installation or any Issuing Bank to make any payment calculated by reference to the amount of its

Revolving Loan Commitment, Loans or the L/C Interests held or interest received by it or by reference to the Letters of Credit;

and the result of any of the foregoing is to increase the cost to that Lender or Issuing Bank of making, renewing or maintaining its Revolving Loan Commitment, Loans, L/C Interests, or Letters of Credit or to reduce any amount received under this Agreement, then, within fifteen (15) days after receipt by the Administrative Agent or the applicable Borrower of written demand by such Lender or Issuing Bank pursuant to Section 4.5, the applicable Borrower shall pay the Administrative Agent or such Lender or Issuing Bank that portion of such increased expense incurred or reduction in an amount received which the Administrative Agent or such Lender or Issuing Bank determines is attributable to making, funding and maintaining its Loans, L/C Interests, Letters of Credit and its Revolving Loan Commitment; provided, however, that such Borrower shall not be required to pay any additional amounts pursuant to this Section 4.1 incurred more than 90 days prior to the date of the relevant Lender's demand therefor.

4.2 Changes in Capital Adequacy Regulations. If any Lender or Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing by an amount deemed material by such Lender or Issuing Bank the rate of return on such Lender's or Issuing Bank's capital or on the capital of such Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Loans or Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or Issuing Bank's policies and the policies of such Lender's or Issuing Bank's holding company with respect to capital adequacy or liquidity), then from time to time the applicable Borrower will pay to such Lender or Issuing Bank, as the case may be, within fifteen (15) days after receipt by the applicable Borrower of written demand by such Lender or Issuing Bank pursuant to Section 4.2, such additional amount or amounts as will compensate such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company for any such reduction suffered.

Failure or delay on the part of any Lender or Issuing Bank to demand compensation pursuant to this Section 4.2 shall not constitute a waiver of such Lender's or Issuing Bank's right to demand such compensation; provided, that the applicable Borrower shall not be required to compensate a Lender or Issuing Bank pursuant to this Section for any such increased cost or reduction incurred more than 90 days prior to the date that such Lender or Issuing Bank demands, or notifies such Borrower of its intention to demand, compensation therefor; provided further that, if the Change in Law giving rise to such increased cost or reduction is retroactive, then such 90-day period referred to above shall be extended to include the period of retroactive effect thereof.

4.3 Changed Circumstances

(a) Circumstances Affecting Eurocurrency Rates and RFRs. Subject to clause (c) below, in connection with any RFR Loan or Eurocurrency Rate Loan, a request therefor, a conversion to or a continuation thereof or otherwise, if for any reason (i) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that (x) if Adjusted Daily Simple RFR is utilized in any calculations hereunder or under any other Loan

Document with respect to any Obligations, interest, fees, commissions or other amounts, reasonable and adequate means do not exist for ascertaining Adjusted Daily Simple RFR pursuant to the definition thereof or (y) if Adjusted Term SOFR or a Eurocurrency Base Rate is utilized in any calculations hereunder or under any other Loan Document with respect to any Obligations, interest, fees, commissions or other amounts, reasonable and adequate means do not exist for ascertaining Adjusted Term SOFR or such Eurocurrency Base Rate, as applicable, for the applicable Currency and the applicable Interest Period with respect to a proposed Term RFR Loan or Eurocurrency Rate Loan, as applicable, on or prior to the first day of such Interest Period, (ii) the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that a fundamental change has occurred in the foreign exchange or interbank markets with respect to an applicable Alternative Currency (including changes in national or international financial, political or economic conditions or currency exchange rates or exchange controls), (iii) with respect to any Eurocurrency Rate Loan, the Administrative Agent shall determine (which determination shall be conclusive and binding absent manifest error) that deposits are not being offered in the applicable Alternative Currency to banks in the London or other applicable offshore interbank market for the applicable Alternative Currency, amount or Interest Period of such Eurocurrency Rate Loan, or (iv) the Required Lenders shall determine (which determination shall be conclusive and binding absent manifest error) that (x) if Adjusted Daily Simple RFR is utilized in any calculations hereunder or under any other Loan Document with respect to any Obligations, interest, fees, commissions or other amounts, Adjusted Daily Simple RFR does not adequately and fairly reflect the cost to such Lenders of making or maintaining such Loans or (y) if Adjusted Term SOFR or a Eurocurrency Base Rate is utilized in any calculations hereunder or under any other Loan Document with respect to any Obligations, interest, fees, commissions or other amounts, Adjusted Term SOFR or such Eurocurrency Base Rate, as applicable, does not adequately and fairly reflect the cost to such Lenders of making or maintaining such Loans during the applicable Interest Period and, in the case of (x) or (y), the Required Lenders have provided notice of such determination to the Administrative Agent, then, in each case, the Administrative Agent shall promptly give notice thereof to the Company. Upon notice thereof by the Administrative Agent to the Company, any obligation of the Lenders to make RFR Loans in each such Agreed Currency, and any right of any Borrower to convert any Loan in each such Agreed Currency (if applicable) or continue any Loan as an RFR Loan or a Eurocurrency Rate Loan, as applicable, in each such Agreed Currency, shall be suspended (to the extent of the affected RFR Loans or Eurocurrency Rate Loans or, in the case of Term RFR Loans or Eurocurrency Rate Loans, the affected Interest Periods) until the Administrative Agent (with respect to clause (iv), at the instruction of the Required Lenders) revokes such notice. Upon receipt of such notice, (A) the applicable Borrower may revoke any pending request for a borrowing of, conversion to or continuation of RFR Loans or Eurocurrency Rate Loans in each such affected Agreed Currency (to the extent of the affected RFR Loans or Eurocurrency Rate Loans or, in the case of Term RFR Loans or Eurocurrency Rate Loans, the affected Interest Periods) or, failing that, (I) in the case of any request for a borrowing of an affected Term RFR Loan, the Borrowers will be deemed to have converted any such request into a request for a borrowing of or conversion to Floating Rate Loans in the amount specified therein and (II) in the case of any request for a borrowing of an affected RFR Loan or Eurocurrency Rate Loan in an Alternative Currency, then such request shall be ineffective and (B) (I) any outstanding affected Term RFR Loans will be deemed to have been converted into Floating Rate Loans at the end of the applicable Interest Period and (II) any outstanding affected Loans denominated in an Alternative Currency, at the applicable

Borrower's election, shall either (1) be converted into Floating Rate Loans denominated in Dollars (in an amount equal to the Dollar Amount of such Alternative Currency) immediately or, in the case of Eurocurrency Rate Loans, at the end of the applicable Interest Period or (2) be prepaid in full immediately or, in the case of Eurocurrency Rate Loans, at the end of the applicable Interest Period; provided that if no election is made by the applicable Borrower by the date that is the earlier of (x) three (3) Business Days after receipt by the Company of such notice or (y) with respect to a Eurocurrency Rate Loan, the last day of the current Interest Period, the Borrowers shall be deemed to have elected clause (1) above. Upon any such prepayment or conversion, the Borrowers shall also pay accrued interest (except with respect to any prepayment or conversion of a Daily Simple RFR Loan) on the amount so prepaid or converted, together with any additional amounts required pursuant to Section 4.4.

(b) Laws Affecting Adjusted Eurocurrency Rate, Adjusted Daily Simple RFR and Term RFR Availability. If, after the date hereof, the introduction of, or any change in, any applicable law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any of the Lenders (or any of their respective lending offices) with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for any of the Lenders (or any of their respective lending offices) to honor its obligations hereunder to make or maintain any Daily Simple RFR Loan, Term RFR Loan or Eurocurrency Rate Loan, or to determine or charge interest based upon any applicable RFR, Adjusted Daily Simple RFR, the Term SOFR Reference Rate, Term SOFR, Adjusted Term SOFR, the Eurocurrency Base Rate or the Adjusted Eurocurrency Rate, such Lender shall promptly give notice thereof to the Administrative Agent and the Administrative Agent shall promptly give notice to the Company and the other Lenders. Thereafter, until the Administrative Agent notifies the Company that such circumstances no longer exist, (i) any obligation of the Lenders to make RFR Loans or Eurocurrency Rate Loans, as applicable, in the affected Agreed Currency or Agreed Currencies, and any right of the Borrowers to convert any Loan denominated in Dollars to a Term RFR Loan or continue any Loan as an RFR Loan or a Eurocurrency Rate Loan, as applicable, in the affected Agreed Currency or Agreed Currencies shall be suspended and (ii) if necessary to avoid such illegality, the Administrative Agent shall compute the Alternate Base Rate without reference to clause (c) of the definition of "Alternate Base Rate"; in each case until each such affected Lender notifies the Administrative Agent and the Company that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrowers shall, if necessary to avoid such illegality, upon demand from any Lender (with a copy to the Administrative Agent), prepay or, if applicable, (A) convert all Term RFR Loans to Floating Rate Loans or (B) convert all RFR Loans or Eurocurrency Rate Loans denominated in an affected Alternative Currency to Floating Rate Loans denominated in Dollars (in an amount equal to the Dollar Amount of such Alternative Currency) (in each case, if necessary to avoid such illegality, the Administrative Agent shall compute the Alternate Base Rate without reference to clause (c) of the definition of "Alternate Base Rate"); (I) with respect to Daily Simple RFR Loans, on the Payment Date thereafter, if all affected Lenders may lawfully continue to maintain such Daily Simple RFR Loans to such day, or immediately, if any Lender may not lawfully continue to maintain such Daily Simple RFR Loans to such day or (II) with respect to Eurocurrency Rate Loans or Term RFR Loans, on the last day of the Interest Period thereafter, if all affected Lenders may lawfully continue to maintain such Eurocurrency Rate Loans or Term RFR Loans, as applicable, to such day, or immediately, if any Lender may not lawfully continue to

maintain such Eurocurrency Rate Loans or Term RFR Loans, as applicable, to such day. Upon any such prepayment or conversion, the applicable Borrower shall also pay accrued interest (except with respect to any prepayment or conversion of a Daily Simple RFR Loan) on the amount so prepaid or converted, together with any additional amounts required pursuant to [Section 4.4](#).

(c) Benchmark Replacement Setting.

(i) Benchmark Replacement.

(A) Notwithstanding anything to the contrary herein or in any other Loan Document, upon the occurrence of a Benchmark Transition Event, with respect to any Benchmark, the Administrative Agent and the Company may amend this Agreement to replace such Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. on the fifth (5th) Business Day after the Administrative Agent has posted such proposed amendment to all affected Lenders and the Company so long as the Administrative Agent has not received, by such time, written notice of objection from Lenders comprising the Required Lenders. No replacement of a Benchmark with a Benchmark Replacement pursuant to this [Section 4.3\(c\)\(M.A\)](#) will occur prior to the applicable Benchmark Transition Start Date.

(B) No Hedging Agreement shall be deemed to be a "Loan Document" for purposes of this [Section 4.3\(c\)](#).

(ii) Benchmark Replacement Conforming Changes. In connection with the use, administration, adoption or implementation of a Benchmark Replacement, the Administrative Agent will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Loan Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of any other party to this Agreement or any other Loan Document.

(iii) Notices, Standards for Decisions and Determinations. The Administrative Agent will promptly notify the Company and the Lenders of (A) the implementation of any Benchmark Replacement and (B) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Administrative Agent will promptly notify the Company of the removal or reinstatement of any tenor of a Benchmark pursuant to [Section 4.3\(c\)\(i\)](#). Any determination, decision or election that may be made by the Administrative Agent or, if applicable, any Lender (or group of Lenders) pursuant to this [Section 4.3\(c\)](#), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Loan Document, except, in each case, as expressly required pursuant to this [Section 4.3\(c\)](#).

(iv) Unavailability of Tenor of Benchmark. Notwithstanding anything to the contrary herein or in any other Loan Document, at any time (including in connection with the implementation of a Benchmark Replacement), (A) if any then-current Benchmark is a term rate (including the Term SOFR Reference Rate, EURIBOR or TIBOR) and either (1) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion or (2) the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative, then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for any Benchmark settings at or after such time to remove such unavailable or non-representative tenor and (B) if a tenor that was removed pursuant to clause (A) above either (1) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (2) is not, or is no longer, subject to an announcement that it is not or will not be representative for a Benchmark (including a Benchmark Replacement), then the Administrative Agent may modify the definition of "Interest Period" (or any similar or analogous definition) for all Benchmark settings at or after such time to reinstate such previously removed tenor.

(v) Benchmark Unavailability Period. Upon the Company's receipt of notice of the commencement of a Benchmark Unavailability Period with respect to a given Benchmark, (A) the Borrowers may revoke any pending request for a borrowing of, conversion to or continuation of RFR Loans or Eurocurrency Rate Loans, in each case, to be made, converted or continued during any Benchmark Unavailability Period denominated in the applicable Agreed Currency and, failing that, (1) in the case of any request for any affected Term RFR Loans, if applicable, the applicable Borrower will be deemed to have converted any such request into a request for a borrowing of or conversion to Floating Rate Loans in the amount specified therein and (II) in the case of any request for any affected RFR Loan or Eurocurrency Rate Loan, in each case, in an Alternative Currency, if applicable, then such request shall be ineffective and (B) (I) any outstanding affected Term RFR Loans, if applicable, will be deemed to have been converted into Floating Rate Loans at the end of the applicable Interest Period and (II) any outstanding affected RFR Loans or Eurocurrency Rate Loans, in each case, denominated in an Alternative Currency, at the applicable Borrower's election, shall either (1) be converted into Floating Rate Loans denominated in Dollars (in an amount equal to the Dollar Amount of such Alternative Currency) immediately or, in the case of Eurocurrency Rate Loans, at the end of the applicable Interest Period or (2) be prepaid in full immediately or, in the case of Eurocurrency Rate Loans, at the end of the applicable Interest Period; provided that, with respect to any Daily Simple RFR Loan, if no election is made by the applicable Borrower by the date that is three (3) Business Days after receipt by the Company of such notice, the Borrowers shall be deemed to have elected clause (1) above; provided further that, with respect to any Eurocurrency Rate Loan, if no election is made by the applicable Borrower by the earlier of (x) the date that is three (3) Business Days after receipt by the Company of such notice and (y) the last day of the current Interest Period for the applicable Eurocurrency Rate Loan, the Borrowers shall be deemed to have elected clause (1) above. Upon any such prepayment or conversion, the Borrowers shall also pay accrued interest (except with respect to any prepayment or conversion of a Daily Simple RFR Loan) on the

amount so prepaid or converted, together with any additional amounts required pursuant to Section 4.3. During a Benchmark Unavailability Period with respect to any Benchmark or at any time that a tenor for any then-current Benchmark is not an Available Tenor, the component of the Alternate Base Rate based upon the then-current Benchmark that is the subject of such Benchmark Unavailability Period or such tenor for such Benchmark, as applicable, will not be used in any determination of Alternate Base Rate.

(d) Illegality. If, in any applicable jurisdiction, the Administrative Agent, any Issuing Bank or any Lender determines that any applicable law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for the Administrative Agent, any Issuing Bank or any Lender to (i) perform any of its obligations hereunder or under any other Loan Document, (ii) to fund or maintain its participation in any Loan or (iii) issue, make, maintain, fund or charge interest or fees with respect to any Loan, Letter of Credit or other extension of credit to any Borrower that is a Foreign Subsidiary, such Person shall promptly notify the Administrative Agent, then, upon the Administrative Agent notifying the Company, and until such notice by such Person is revoked, any obligation of such Person to issue, make, maintain, fund or charge interest or fees with respect to any such Loan, Letter of Credit or other extension of credit shall be suspended, and to the extent required by applicable law, cancelled. Upon receipt of such notice, the Borrowers shall,

(A) repay that Person's participation in the Loans or other applicable Obligations on the applicable Payment Date for any Daily Simple RFR Loan or on last day of the Interest Period for any Eurocurrency Rate Loan or Term RFR Loan, or on another applicable date with respect to another Obligation, occurring after the Administrative Agent has notified the Company or, in each case, if earlier, the date specified by such Person in the notice delivered to the Administrative Agent (being no earlier than the last day of any applicable grace period permitted by applicable law) and (B) take all reasonable actions requested by such Person to mitigate or avoid such illegality.

4.4 Funding Indemnification. Subject to Section 2.4(B), if any payment of a Fixed-Rate Loan or Daily Simple RFR Loan occurs on a date which is not (x) the last day of the applicable Interest Period with respect to any Fixed-Rate Loan or (y) on a date other than on the Payment Date therefor with respect to any Daily Simple RFR Loan, whether because of acceleration, prepayment, or otherwise, or a Fixed-Rate Loan or Daily Simple RFR Loan is not made on the date specified by the applicable Borrower for any reason other than default by the Lenders, such Borrower shall indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain the Fixed-Rate Loan or Daily Simple RFR Loan.

4.5 Lender Statements; Survival of Indemnity. If reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Fixed-Rate Loans or Daily Simple RFR Loans to reduce any liability of any Borrower to such Lender under Sections 4.1 and 4.2 or to avoid the unavailability of a Type of Advance under Section 4.3, so long as such designation is not materially disadvantageous, in the judgment of the Lender, to such Lender. Any demand for compensation pursuant to Section 2.14(E) or this Article IV shall be in writing and shall state the amount due, if any, under Section 2.14(E), 4.1, 4.2, or 4.4 and shall set forth in reasonable detail the calculations upon which such Lender determined such amount and shall be final, conclusive, and binding on the Borrowers in the absence of manifest error. Determination

of amounts payable under such Sections in connection with a Fixed-Rate Loan shall be calculated as though each Lender funded its Fixed-Rate Loan or Daily Simple RFR Loan through the purchase of a deposit of the type, currency and maturity corresponding to the deposit used as a reference in determining the Eurocurrency Rate, Term RFR Rate or Adjusted Daily Simple RFR Rate applicable to such Loan, whether in fact that is the case or not. The obligations of the Borrowers under Sections 2.14(E), 4.1, 4.2, or 4.4 shall survive payment of the Obligations and termination of this Agreement.

ARTICLE V: CONDITIONS PRECEDENT

5.1 **Initial Advances and Letters of Credit.** The Lenders shall not be required to make the initial Loans or issue any Letters of Credit unless the Company has furnished to the Administrative Agent each of the following, with sufficient copies for the Lenders (or direct delivery to applicable Lenders in the case of items (9) and (10) below), all in form and substance reasonably satisfactory to the Administrative Agent and the Lenders:

- (1) Executed copies of (a) this Agreement executed by the Borrowers, the Administrative Agent, the Lenders, the Swing Line Bank and the Issuing Banks, (b) the Domestic Subsidiary Guaranty executed by each Domestic Subsidiary Guarantor, (c) a Foreign Subsidiary Guaranty executed by each Foreign Subsidiary Guarantor and (d) any other applicable Loan Documents;
- (2) Copies of the Certificate of Incorporation (or other comparable constituent document) of each member of the Initial Obligor Group, together with all amendments and, where applicable, a certificate of good standing, both certified by the appropriate governmental officer in its jurisdiction of organization (and resolutions of other bodies, if any are deemed necessary by counsel for any Lender) or, in respect of any German Obligor, an up-to date copy of (i) the articles of association (*Satzung*), (ii) the shareholders list (*Gesellschafterliste*) and (iii) the commercial register excerpt (*Handelsregisterauszug*);
- (3) Copies, certified by the Secretary, Assistant Secretary or other comparable officer of each member of the Initial Obligor Group, of its By-Laws (or other comparable governing document) and of its board of directors' (and resolutions of other bodies, if any are deemed necessary by counsel for any Lender) or, in the case of any German Obligor, shareholders' resolutions, authorizing the execution of the Loan Documents;
- (4) An incumbency certificate, executed by the Secretary, Assistant Secretary or other comparable officer of each member of the Initial Obligor Group, which shall identify by name and title and bear the signature of the officers of the members of the Initial Obligor Group authorized to sign the Loan Documents (and, in the case of the Borrowers, to make borrowings hereunder), upon which certificate the Lenders shall be entitled to rely until informed of any change in writing by the Company, or, with respect to any German Obligor, a certificate of an authorised signatory of such German Obligor, including a specimen of the signature of each person authorised in relation to the Loan Documents, certifying that each copy document relating to such German Obligor specified in paragraphs (2) and (3) as well as the specimen signatures, relating to it is correct, complete

and in full force and effect and has not been amended or superseded as at a date no earlier than the date of such certificate;

(5) A certificate, in form and substance satisfactory to the Administrative Agent, signed by an Authorized Officer of the Company, stating that on the date of this Agreement all the representations in this Agreement are true and correct in all material respects or, with respect to any representation that is qualified by materiality or Material Adverse Effect, all respects (unless such representation and warranty is made as of a specific date, in which case, such representation and warranty shall be true in all material respects or all respects, as applicable, as of such date) and no Default or Unmatured Default has occurred and is continuing;

(6) Written money transfer instructions reasonably requested by the Administrative Agent, addressed to the Administrative Agent and signed by an Authorized Signer;

(7) Receipt in cash of the fees agreed to in the Fee Letters;

(8) The written opinions of the Borrowers' and the Subsidiary Guarantors' counsel in the forms of the opinions attached hereto as Exhibit E, addressed to the Administrative Agent, the Issuing Banks and the Lenders, in form and substance reasonably acceptable to the Administrative Agent and its counsel, with respect to (without limitation) the due authorization, execution and enforceability of this Agreement and the other Loan Documents;

(9) All documentation and other information requested by the Administrative Agent or any Lender in order to comply with the "know your customer" provisions of any anti-money laundering laws, including, without limitation, the PATRIOT Act;

(10) For each member of the Initial Obligor Group or Subsidiary thereof that qualifies as a "legal entity customer" under the Beneficial Ownership Regulation, a Beneficial Ownership Certification in relation to such member of the Initial Obligor Group or such Subsidiary (including delivery to each Lender requesting the same), in each case at least five (5) Business Days prior to the Closing Date; and

(11) Each document reflected on the List of Closing Documents attached as Exhibit F to this Agreement.

5.2 Each Advance and Letter of Credit. The Lenders shall not be required to make any Advance, or issue, extend or increase any Letter of Credit, unless on the applicable Borrowing Date, or in the case of a Letter of Credit, the date on which the Letter of Credit is to be issued, extended or increased:

(A) There exists no Default or Unmatured Default;

(B) The representations and warranties contained in Article VI are true and correct in all material respects or, with respect to any representation that is qualified by materiality or Material Adverse Effect, all respects, as of such Borrowing Date (unless such representation and

warranty is made as of a specific date, in which case, such representation and warranty shall be true in all material respects or all respects, as applicable, as of such date); and

(C) The Revolving Credit Obligations do not, and after making such proposed Advance or issuing such Letter of Credit would not, exceed the Aggregate Revolving Loan Commitment.

(D) If an Advance hereunder is to be made to a German Obligor, such German Obligor is a capital company (Kapitalgesellschaften) and meets the requirements set forth in Section 267 (2) or (3) of the German Commercial Code (Handelsgesetzbuch, HGB).

Each Borrowing/Election Notice with respect to each such Advance and the letter of credit application with respect to each Letter of Credit shall constitute a representation and warranty by the applicable Borrower that the conditions contained in Sections 5.2(A), (B), (C) and (D) have been satisfied. For the avoidance of doubt, this Section 5.2 does not apply to the conversion or continuation of any existing Revolving Loan.

5.3 ~~Designation of a Foreign Subsidiary Borrower~~. The designation of a Foreign Subsidiary Borrower pursuant to Section 2.23 is subject to the condition precedent that the Company or such proposed Foreign Subsidiary Borrower shall have furnished or caused to be furnished to the Administrative Agent:

(A) Copies, certified by the Secretary or Assistant Secretary of such Subsidiary, of its board of directors' (or equivalent governing body's) resolutions (and resolutions of other bodies, if any are deemed necessary by counsel for the Administrative Agent) or, in the case of any German Obligor, shareholders' resolutions, approving the Borrowing Subsidiary Agreement and any other Loan Documents to which such Subsidiary is becoming a party;

(B) An incumbency certificate, executed by the Secretary or Assistant Secretary of such Subsidiary, which shall identify by name and title and bear the signature of the officers of such Subsidiary authorized to request borrowings hereunder and sign the Borrowing Subsidiary Agreement and the other Loan Documents to which such Subsidiary is becoming a party, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Company or such Subsidiary, or, with respect to any German Obligor, a certificate of an authorized signatory of such German Obligor, including a specimen of the signature of each person authorized in relation to the Loan Documents, certifying that the specimen signatures, relating to it is correct, complete and in full force and effect and has not been amended or superseded as at a date no earlier than the date of such certificate;

(C) Opinions of counsel to such Subsidiary, in form and substance reasonably satisfactory to the Administrative Agent and its counsel, with respect to the laws of its jurisdiction of organization and such other matters as are reasonably requested by counsel to the Administrative Agent and addressed to the Administrative Agent and the Lenders, including, without limitation, tax and regulatory opinions;

(D) Any promissory notes requested by any Lender, and any other instruments and documents reasonably requested by the Administrative Agent, each in such form as the Administrative Agent may reasonably require; and

(E) To the extent there are Foreign Subsidiary Borrowers having Significant Foreign Subsidiaries and such guaranty is required in accordance with the terms of the definition of Foreign Subsidiary Guarantor, a Foreign Subsidiary Guaranty, in the form attached hereto as Exhibit 1-2, executed by each Foreign Subsidiary Guarantor.

ARTICLE VI: REPRESENTATIONS AND WARRANTIES

In order to induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans and the other financial accommodations to the Borrowers and to issue the Letters of Credit described herein, each Borrower represents and warrants as follows to each Lender and the Administrative Agent as of the Closing Date, giving effect to the consummation of the transactions contemplated by the Loan Documents on the Closing Date, and thereafter on each date as required by Section 5.2:

6.1 Organization, Corporate Powers. Each of such Borrowers and its Significant Subsidiaries (i) is a corporation, partnership or limited liability company duly organized, validly existing and, where applicable, in good standing under the laws of the jurisdiction of its organization, (ii) is duly qualified to do business as a foreign entity and is in good standing under the laws of each jurisdiction in which failure to be so qualified and in good standing would reasonably be expected to have a Material Adverse Effect, and (iii) has all requisite power and authority to own, operate and encumber its property and to conduct its business as presently conducted and as proposed to be conducted. No member of the Obligor Group nor any Subsidiary thereof is an Affected Financial Institution.

6.2 Authority, Enforceability.

(A) Each Borrower and each other member of the Obligor Group has the requisite power and authority to execute, deliver and perform each of the Loan Documents which have been executed by it as required by this Agreement and the other Loan Documents.

(B) The execution, delivery, and performance, of each of the Loan Documents which have been executed as required by this Agreement, the other Loan Documents or otherwise to which such Borrower or any other member of the Obligor Group is party, and the consummation of the transactions contemplated thereby, have been duly authorized by all requisite corporate, partnership or limited liability company acts (including any required shareholder or partner approval) of such Borrower and/or such other member of the Obligor Group.

(C) Each of the Loan Documents to which such Borrower or any other member of the Obligor Group is a party has been duly executed and delivered by it and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms (except as enforceability may be limited by bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally and general equitable principles).

6.3 No Conflict, Governmental Consents. The execution, delivery and performance of each of the Loan Documents to which such Borrower or any other member of the Obligor Group is a party do not and will not (i) conflict with the certificate or articles of incorporation, partnership agreement, certificate of partnership, articles or certificate of organization or formation, by-laws, operating agreement or other management agreement (or other applicable constituent documents)

of such Borrower or any other member of the Obligor Group, (ii) conflict with, result in a breach of or constitute (with or without notice or lapse of time or both) a default under any Requirement of Law (including, without limitation, any Environmental Property Transfer Act) or Contractual Obligation of such Borrower or any such other member of the Obligor Group, or require termination of any Contractual Obligation, except such breach, default or termination which individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect, or (iii) result in or require the creation or imposition of any Lien whatsoever upon any of the property or assets of such Borrower or any other member of the Obligor Group, other than Liens permitted or created by the Loan Documents. Except as set forth on Schedule 6.3 to this Agreement, the execution, delivery and performance of each of the Loan Documents to which such Borrower or any other member of the Obligor Group is a party do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by any Governmental Authority, including under any Environmental Property Transfer Act, except filings, consents or notices which have been made, obtained or given, or will be made, obtained or given substantially concurrently with the occurrence of the Closing Date, or which, if not made, obtained or given, individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect.

6.4 Financial Statements. The consolidated financial statements of the Company and its Subsidiaries at and for the year ended September 30, 2021 heretofore delivered to the Administrative Agent and the Lenders were prepared in accordance with generally accepted accounting principles in effect on the date such statements were prepared and fairly present the consolidated financial condition and operation of the Company and its Subsidiaries at September 30, 2021 and the consolidated results of their operations for the period then ended.

6.5 No Material Adverse Change. Since September 30, 2021, except as disclosed (x) in any of the Company's Form 10-Q, 10-K, or 8-K filings with the Commission subsequent to September 30, 2021 but prior to the Closing Date, or (y) in any letter or confidential offering memorandum delivered by the Company to the Administrative Agent and the Lenders prior to the Closing Date, there has occurred no change in the business, properties, financial condition, performance, or results of operations of the Company and its Subsidiaries taken as a whole, or any other event which has had or would reasonably be expected to have a Material Adverse Effect.

6.6 Taxes. Each of the Company and its Subsidiaries has filed or caused to be filed all federal and other material tax returns which are required to be filed by it and, except for (i) taxes and assessments being, or which will promptly be, contested in good faith and reserved for in accordance with generally accepted accounting principles as in effect from time to time (if and to the extent so required) and (ii) taxes the nonpayment of which could not reasonably be expected to have a Material Adverse Effect, have paid or caused to be paid all taxes as shown on said returns or any assessment received by it, to the extent that such taxes have become due.

6.7 Litigation. There is no action, suit, proceeding, arbitration or, to any Borrower's knowledge, investigation before or by any Governmental Authority or private arbitrator pending or, to any Borrower's knowledge, threatened in writing against the Company, any of its Subsidiaries or any property of any of them which could reasonably be expected to have a Material Adverse Effect.

6.8 Subsidiaries. As of the Closing Date, Schedule 6.8 to this Agreement (i) contains a description of the corporate structure of the Company, its Subsidiaries and any other Person in which the Company or any of its Subsidiaries holds a material Equity Interest; and (ii) accurately sets forth (A) the correct legal name and the jurisdiction of organization, (B) a listing of all of the Company's Significant Subsidiaries, (C) the issued and outstanding shares of each class of Capital Stock of each of the Company's Subsidiaries and the owners of such shares, and (D) a summary of the direct and indirect partnership, joint venture, or other material Equity Interests, if any, which the Company and each Subsidiary of the Company holds in any Person that is not a corporation. Except as disclosed on Schedule 6.8, as of the Closing Date, there are no warrants or options outstanding with respect to the issued and outstanding Capital Stock of the Company or any of the Company's Subsidiaries. Except as disclosed on Schedule 6.8, as of the Closing Date, none of the issued and outstanding Capital Stock of the Company or any of the Company's Subsidiaries is subject to any redemption right or repurchase agreement pursuant to which the Company or any Subsidiary is or may become obligated to redeem or repurchase its Capital Stock. All outstanding Capital Stock of each of the Company's Subsidiaries is duly authorized, validly issued, fully paid and nonassessable and is not Margin Stock.

6.9 ERISA. Except as disclosed on Schedule 6.9, no ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, could reasonably be expected to result in a Material Adverse Effect or a Default. The minimum funding standards of ERISA and the Code with respect to each Plan have been satisfied, except where the failure to do so could not reasonably be expected to result in a Material Adverse Effect or a Default. Neither the Company nor any member of the Controlled Group has failed to make an installment or any other payment which could result in a lien under Section 430(k) of the Code. As of the Closing Date, no Borrower is a Benefit Plan, subject to the accuracy of the Lender's representations, warranties and covenants in Section 10.20 hereof, or will be using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA) of one or more Benefit Plans in connection with the Loans, the Letters of Credit or the Revolving Loan Commitments.

6.10 Accuracy of Information. The information, exhibits and reports furnished by such Borrower and any of its Significant Subsidiaries, or by the Company on behalf of any of such Borrower or any of its Significant Subsidiaries, to the Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents, the representations and warranties of the Company and its Subsidiaries contained in the Loan Documents, and all certificates and documents delivered to the Administrative Agent and the Lenders pursuant to the terms thereof (excluding any forecasts and projections of financial information and results submitted to any Lender as works in process or as materials not otherwise required to be submitted to the Commission), taken as a whole, do not contain as of the date thereof any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading in any material respect. As of the Closing Date, all of the information included in the Beneficial Ownership Certification is true and correct.

6.11 Securities Activities. Neither the Company nor any of its Subsidiaries is engaged in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

6.12 Compliance with Laws. Such Borrower and its Subsidiaries are in compliance with all Requirements of Law applicable to them and their respective businesses, in each case where the failure to so comply individually or in the aggregate would reasonably be expected to have a Material Adverse Effect.

6.13 Assets and Properties. Each of such Borrower and its Significant Subsidiaries has good and sufficient title to all of its material real and personal properties owned by it or a valid leasehold interest in all of its leased assets (except insofar as marketability may be limited by any laws or regulations of any Governmental Authority affecting such assets), and all such assets and property are free and clear of all Liens, except Liens permitted under Section 7.3(C), and except for those defects in title and Liens that, individually or in the aggregate, would not have a Material Adverse Effect.

6.14 Statutory Indebtedness Restrictions. Neither the Company nor any of its Subsidiaries is subject to regulation under the Federal Power Act, or the Investment Company Act of 1940, or any other foreign, federal or state statute or regulation which limits its ability to incur indebtedness or its ability to consummate the transactions contemplated hereby.

6.15 Labor Matters. To the knowledge of any Borrower, no attempt to organize the employees of the Company or any of its Subsidiaries, and no labor disputes, strikes or walkouts affecting the operations of the Company or any of its Subsidiaries, is pending, or, to the Company's or such Subsidiaries' knowledge, threatened, planned or contemplated which would reasonably be expected to have a Material Adverse Effect.

6.16 Anti-Corruption Laws and Sanctions. The Company has implemented and maintains in effect policies and procedures designed to ensure material compliance by the Company, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Company, its Subsidiaries and, to the knowledge of the Company, their respective officers, employees, directors and agents, each while acting for or on behalf of the Company or its Subsidiaries, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects and, in the case of any Foreign Subsidiary Borrower, is not knowingly engaged in any activity that could reasonably be expected to result in such Borrower being designated as a Sanctioned Person. None of (a) the Company, any Subsidiary or (b) to the knowledge of an Authorized Officer of the Company, any of their respective directors, officers, employees, or agents acting in any capacity in connection with or that benefits from the credit facility established hereby, is a Sanctioned Person. No Advance, Letter of Credit, use of proceeds or other transactions hereunder will violate any Anti-Corruption Law or applicable Sanctions.

The representations in this Section 6.16 shall not be made or deemed to be made to or for the benefit of any Credit Party that qualifies as a resident party domiciled in Germany (*Inländer*) within the meaning of section 2 paragraph 15 of the German Foreign Trade Act (*Außenwirtschaftsgesetz*) or any director, officer or employee thereof to the extent that these representations would result in a violation of, or conflict with, section 7 German Foreign Trade Regulation (*Außenwirtschaftsverordnung*), any provision of Council Regulation (EC) 2271/96 or any similar applicable anti-boycott law or regulation on the part of that Credit Party or any director,

officer or employee thereof (for the avoidance of doubt, without prejudice to the general applicability of Council Regulation (EC) 2271/96).

ARTICLE VII: COVENANTS

The Company covenants and agrees that so long as any Revolving Loan Commitments are outstanding and thereafter until payment in full of all of the Obligations (other than contingent indemnity obligations) and termination of all Letters of Credit (or cash collateralization thereof in accordance with Section 3.11), unless the Required Lenders shall otherwise give prior written consent:

7.1 Reporting. The Company shall:

(A) Financial Reporting. Furnish to the Administrative Agent (with sufficient copies for each of the Lenders, which copies shall be distributed to the Lenders by the Administrative Agent):

(i) Quarterly Reports. As soon as practicable, and in any event no later than the earlier to occur of (x) the sixtieth (60th) day after the end of each of the first three fiscal quarters of each fiscal year of the Company, and (y) the tenth (10th) day after the date on which any of the following items are required to be delivered to the Commission, the consolidated balance sheet of the Company and its Subsidiaries as at the end of such period and the related statement of consolidated earnings of the Company and its Subsidiaries for such fiscal quarter and the related statements of consolidated earnings and consolidated cash flows of the Company and its Subsidiaries for the period from the beginning of the then current fiscal year to the end of such fiscal quarter, certified by the chief financial officer of the Company on behalf of the Company as fairly presenting in all material respects the consolidated financial position of the Company and its Subsidiaries as at the dates indicated and the results of their operations and cash flows for the periods indicated in accordance with generally accepted accounting principles as in effect from time to time, subject to normal year-end audit adjustments and the absence of footnotes.

(ii) Annual Reports. As soon as practicable, and in any event no later than the earlier to occur of (x) the one-hundredth (100th) day after the end of each fiscal year of the Company, and (y) the tenth (10th) day after the date on which any of the following items are required to be delivered to the Commission, (a) the consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal year and the related statements of consolidated earnings, consolidated shareholders' equity and consolidated cash flows of the Company and its Subsidiaries for such fiscal year, and in comparative form the corresponding figures for the previous fiscal year in form and substance sufficient to calculate the financial covenants set forth in Section 7.4, and (b) an audit report on the items listed in clause (a) hereof of Deloitte or any other independent certified public accountants of recognized national standing, which audit report shall be unqualified and shall state that such financial statements fairly present the consolidated financial position of the Company and its Subsidiaries as at the dates indicated and the results of their operations and cash flows for the periods indicated in conformity with generally accepted accounting principles as in effect from time to time and that the examination by such

accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards.

(iii) Officer's Certificate. Together with each delivery of any financial statement (a) pursuant to clauses (i) and (ii) of this Section 7.1(A), an Officer's Certificate of the Company, substantially in the form of Exhibit G attached hereto and made a part hereof, stating that as of the date of such Officer's Certificate no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof and (b) pursuant to clauses (i) and (ii) of this Section 7.1(A), a compliance certificate, substantially in the form of Exhibit H attached hereto and made a part hereof, signed by the Company's chief financial officer, (1) demonstrating compliance, when applicable, with the provisions of Section 7.4, and (2) calculating the Leverage Ratio for purposes of determining the then Applicable Eurocurrency/RFR Margin, Applicable Floating Rate Margin, Applicable L/C Fee Percentage and Applicable Unused Fee Percentage.

(B) Notice of Default. Promptly upon any Authorized Officer of the Company obtaining knowledge (i) of any condition or event which constitutes a Default or Unmatured Default, or becoming aware that any Lender or Administrative Agent has given any written notice to any Authorized Officer with respect to a claimed Default or Unmatured Default under this Agreement, or (ii) that any Person has given any written notice to any Authorized Officer of the Company or taken any other action with respect to a claimed default or event or condition of the type referred to in Section 8.1(E), the Company shall deliver to the Administrative Agent and the Lenders an Officer's Certificate specifying (a) the nature and period of existence of any such claimed default, Default, Unmatured Default, condition or event, (b) the notice given or action taken by such Person in connection therewith, and (c) what action the Company has taken, is taking and proposes to take with respect thereto.

(C) Lawsuits. (i) Promptly upon any Authorized Officer obtaining knowledge of the institution of, or written threat of, any action, suit, proceeding, governmental investigation or arbitration, by or before any Governmental Authority, against or affecting the Company or any of its Subsidiaries or any property of the Company or any of its Subsidiaries not previously disclosed pursuant to Section 6.7, which action, suit, proceeding, governmental investigation or arbitration exposes, or in the case of multiple actions, suits, proceedings, governmental investigations or arbitrations arising out of the same general allegations or circumstances which expose, in the Company's reasonable judgment, the Company or any of its Subsidiaries to liability in an amount aggregating \$85,000,000 or more (exclusive of claims covered by insurance policies of the Company or any of its Subsidiaries unless the insurers of such claims have disclaimed coverage or reserved the right to disclaim coverage on such claims and exclusive of claims covered by the indemnity of a financially responsible indemnitor in favor of the Company or any of its Subsidiaries unless the indemnitor has disclaimed or reserved the right to disclaim coverage thereof), give written notice thereof to the Administrative Agent and the Lenders and provide such other information as may be reasonably available to enable each Lender to evaluate such matters; and (ii) in addition to the requirements set forth in clause (i) of this Section 7.1(C), upon request of the Administrative Agent or the Required Lenders, promptly give written notice of the status of any action, suit, proceeding, governmental investigation or arbitration covered by a report delivered pursuant to clause (i) above and provide such other information as may be reasonably

available to it that would not jeopardize any attorney-client privilege by disclosure to the Lenders to enable each Lender and the Administrative Agent and its counsel to evaluate such matters.

(D) Material Adverse Effect. Promptly upon any Authorized Officer obtaining knowledge of any event, change or circumstance that has had or would reasonably be expected to have a Material Adverse Effect, provide written notice thereof to the Administrative Agent and the Lenders.

(E) Other Reports. Promptly after the same are available, provide Administrative Agent and the Lenders copies of each annual report, proxy or financial statement or other report or communication sent to the stockholders of the Company, and copies of all annual, regular, periodic and special reports and registration statements which the Company may file or be required to file with the Commission under Section 13 or 15(d) of the Exchange Act, or with any national securities exchange, and in any case not otherwise required to be delivered to the Administrative Agent pursuant hereto.

(F) Other Information. Promptly upon receiving a request therefor from the Administrative Agent, prepare and deliver to the Administrative Agent and the Lenders such other information with respect to the Company, any of its Subsidiaries, as from time to time may be reasonably requested by the Administrative Agent.

(G) Capital Company. To the extent there are any Advances made to a German Obligor outstanding, promptly notify the Administrative Agent and the Lenders if any German Obligor is no longer a capital company (Kapitalgesellschaften) or no longer meets the requirements set forth in Section 267 (2) or (3) of the German Commercial Code (Handelsgesetzbuch, HGB).

Documents required to be delivered pursuant to Section 7.1(A)(i), (ii) and (E) (in each case, to the extent any such documents are included in materials otherwise filed with the Commission) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Company posts such documents, or provides a link thereto on the Company's website on the internet, or (ii) on which such documents are posted on the Company's behalf on an internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) the Company shall deliver paper copies of such documents to the Administrative Agent or any Lender, in each case that requests in writing that the Company to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) the Company shall notify the Administrative Agent and each Lender (by facsimile or electronic mail) of the posting of any such documents. Except for any compliance certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Company with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

7.2

Affirmative Covenants

(A) Corporate Existence, Etc. Except as permitted pursuant to Section 7.3(G), the Company shall, and shall cause each of its Significant Subsidiaries to, at all times maintain its

valid existence and (to the extent such concept applies to such entity) in good standing as a corporation, partnership or limited liability company in its jurisdiction of incorporation or organization, as the case may be, and preserve and keep, or cause to be preserved and kept, in full force and effect its rights and franchises material to its businesses, unless, in the good faith judgment of the Company, the failure to preserve any such rights or franchises would not reasonably be expected to have a Material Adverse Effect.

(B) Corporate Powers; Conduct of Business. The Company shall, and shall cause each of its Significant Subsidiaries to, qualify and remain qualified to do business in each jurisdiction in which the nature of its business requires it to be so qualified and where the failure to be so qualified will have or would reasonably be expected to have a Material Adverse Effect.

(C) Compliance with Laws; Beneficial Ownership Regulation; Etc. The Company shall, and shall cause its Subsidiaries to, (a) comply with all Requirements of Law (including, without limitation, Section 302 and Section 906 of the Sarbanes-Oxley Act of 2002) and all restrictive covenants affecting such Person or the business, properties, assets or operations of such Person, and (b) obtain as needed all permits necessary for its operations and maintain such permits in good standing unless failure to comply with such Requirements of Law or such covenants or to obtain or maintain such permits would not reasonably be expected to have a Material Adverse Effect. The Company will maintain in effect and enforce policies and procedures designed to ensure compliance by the Company, its Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, in each case while acting for or on behalf of the Company or its Subsidiaries. This paragraph Section 7.2(C) shall not be made or deemed to be made to or for the benefit of any Credit Party that qualifies as a resident party domiciled in Germany (*Inländer*) within the meaning of section 2 paragraph 15 of the German Foreign Trade Act (*Außenwirtschaftsgesetz*) or any director, officer or employee thereof to the extent that it would result in a violation of, or conflict with, section 7 German Foreign Trade Regulation (*Außenwirtschaftsverordnung*), any provision of Council Regulation (EC) 2271/96 or any similar applicable anti-boycott law or regulation on the part of that Credit Party or any director, officer or employee thereof (for the avoidance of doubt, without prejudice to the general applicability of Council Regulation (EC) 2271/96). The Company will (i) notify the Administrative Agent and each Lender that previously received a Beneficial Ownership Certification of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein and (ii) promptly upon the reasonable request of the Administrative Agent or any Lender, provide the Administrative Agent or such Lender, as the case may be, any information or documentation requested by it for purposes of complying with the Beneficial Ownership Regulation.

(D) Payment of Taxes and Claims; Tax Consolidation. The Company shall pay, and cause each of its Subsidiaries to pay, (i) all material taxes, assessments and other governmental charges imposed upon it or on any of its properties or assets or in respect of any of its franchises, business, income or property before any penalty accrues thereon, and (ii) all claims (including, without limitation, claims for labor, services, materials and supplies) for sums which have become due and payable and which by law have or may become a Lien (other than a Lien permitted by Section 7.3(C)) upon any of the Company's or such Subsidiary's property or assets, prior to the time when any penalty or fine shall be incurred with respect thereto; provided, however, that no such taxes, assessments and governmental charges referred to in clause (i) above or claims referred

to in clause (ii) above (and interest, penalties or fines relating thereto) need be paid if (x) being, or will promptly be, contested in good faith by appropriate proceedings diligently instituted and conducted and if such reserve or other appropriate provision, if any, as shall be required in conformity with generally accepted accounting principles as in effect from time to time shall have been made therefor, or (y) the nonpayment of all such taxes, assessments and other governmental charges would not reasonably be expected to have a Material Adverse Effect.

(E) Insurance. The Company shall maintain for itself and its Significant Subsidiaries, or shall cause each of its Significant Subsidiaries to maintain in full force and effect, such insurance policies and programs (including self-insurance) as reflect coverage and self-insurance that is reasonably consistent with prudent industry practice for similarly situated companies operating in the same or similar locations.

(F) Inspection of Property, Books and Records; Discussions. The Company shall permit and cause each of the Company's Significant Subsidiaries to permit, any authorized representative(s) designated by either the Administrative Agent (which may include representatives of any Lender) or, after the occurrence and during the continuation of any Default, any Lender, to visit and inspect any of the properties of the Company or any of its Significant Subsidiaries, to examine, audit, check and make copies of their respective financial and accounting records, books, journals, orders, receipts and any correspondence and other data relating to their respective businesses or the transactions contemplated hereby (including, without limitation, in connection with environmental compliance, hazard or liability), and to discuss their affairs, finances and accounts with their officers, all upon reasonable notice and at such reasonable times during normal business hours, as often as may be reasonably requested, provided, that unless a Default shall have occurred and be continuing, no more than one (1) such inspection per year by the Administrative Agent shall be at the Company's expense. Notwithstanding anything to the contrary, nothing in this Agreement will require the Company or any Subsidiary to disclose, permit the inspection, examination or making copies of, or discussion of, any document, information or other matter, or provide information (i) that constitutes non-financial trade secrets or non-financial proprietary information, (ii) in respect of which disclosure is prohibited by law or binding agreement or (iii) that is subject to attorney-client or similar privilege or constitutes attorney work product; provided that in the event that the Company does not provide information that otherwise would be required to be provided hereunder in reliance on the exclusions in this sentence relating to violation of any obligation of confidentiality, the Company shall use commercially reasonable efforts to provide notice to the Administrative Agent promptly upon obtaining knowledge that such information is being withheld (but solely if providing such notice would not violate such obligation of confidentiality). The Company shall keep and maintain, in all material respects, proper books of record and account on a consolidated basis in which entries in material conformity with Agreement Accounting Principles shall be made of all dealings and transactions in relation to their respective businesses and activities. The Company shall cause each of its Significant Subsidiaries to keep and maintain, in all material respects, proper books of record and account. If a Default has occurred and is continuing, the Company, upon the Administrative Agent's request, shall provide copies of such records to the Administrative Agent or its representatives.

(G) Maintenance of Property. The Company shall cause all material property used in the conduct of its business or the business of any Significant Subsidiary to be maintained and kept in adequate condition, repair and working order and supplied with all necessary equipment and

shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly conducted at all times, except where the failure to do so would not reasonably be expected to have a Material Adverse Effect; provided, however, that nothing in this [Section 7.2\(f\)](#) shall prevent the Company from discontinuing the operation or maintenance of any of such property if such discontinuance is, in the judgment of the Company, desirable in the conduct of its business or the business of any Subsidiary.

(H) [Use of Proceeds](#)

(i) The Borrowers shall use the proceeds of the Revolving Loans for general corporate purposes and ongoing working capital needs of such Borrower and its Subsidiaries (including, without limitation, to consummate Acquisitions and to make capital expenditures). The Borrowers will not, nor will any Borrower permit any Subsidiary to, use any of the proceeds of the Loans to purchase or carry any Margin Stock.

(ii) No Borrower will request any Advance or Letter of Credit, and no Borrower shall use, and the Company shall procure that its Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Advance, Incremental Term Loan or Letter of Credit (x) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (y) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, to the extent such activities, businesses or transaction would be prohibited by Sanctions if conducted by a corporation incorporated in the United States or in a European Union member state or (z) in any manner that would result in the violation of any Sanctions applicable to any party hereto. This [Section 7.2\(H\)\(ii\)](#) shall not apply for the benefit of any Credit Party that qualifies as a resident party domiciled in Germany (*Inländer*) within the meaning of section 2 paragraph 15 of the German Foreign Trade Act (*Außenwirtschaftsgesetz*) or any director, officer or employee thereof to the extent that it would result in a violation of, or conflict with, section 7 German Foreign Trade Regulation (*Außenwirtschaftsverordnung*), any provision of Council Regulation (EC) 2271/96 or any similar applicable anti-boycott law or regulation on the part of that Credit Party or any director, officer or employee thereof (for the avoidance of doubt, without prejudice to the general applicability of Council Regulation (EC) 2271/96).

(I) [Subsidiary Guarantees](#). The Company will (a) cause (i) each Domestic Incorporated Subsidiary that becomes a Significant Domestic Incorporated Subsidiary (other than Woodward Financing I.L.C. if such Subsidiary is a Significant Domestic Incorporated Subsidiary as a result of assets representing Capital Stock of a Subsidiary thereof) after the Closing Date in connection with an Acquisition to execute and deliver to the Administrative Agent, as promptly as possible, but in any event not later than sixty (60) days after becoming a Significant Domestic Incorporated Subsidiary (or such later date as agreed to by the Administrative Agent in writing in its sole discretion), an executed Supplement to become a Domestic Subsidiary Guarantor under the Domestic Subsidiary Guaranty in the form of Annex I-1 to the Domestic Subsidiary Guaranty (whereupon such Subsidiary shall become a "Domestic Subsidiary Guarantor" under this Agreement), (ii) each Domestic Incorporated Subsidiary becomes a Significant Domestic

Incorporated Subsidiary after the Closing Date other than in connection with an Acquisition to execute and deliver to the Administrative Agent, as promptly as possible, but in any event not later than the later of (x) the date that is sixty (60) days after becoming a Significant Domestic Incorporated Subsidiary and (y) the date on which the first financial statements and compliance certificates after becoming a Significant Domestic Incorporated Subsidiary are required to be delivered pursuant to Section 7.1(A) are delivered (or such later date as agreed to by the Administrative Agent in writing in its sole discretion), an executed Supplement to become a Domestic Subsidiary Guarantor under the Domestic Subsidiary Guaranty in the form of Annex I-1 to the Domestic Subsidiary Guaranty (whereupon such Subsidiary shall become a "Domestic Subsidiary Guarantor" under this Agreement), (ii) each Foreign Subsidiary that becomes a Significant Foreign Subsidiary of a Foreign Subsidiary Borrower after the Closing Date in connection with an Acquisition (subject to there being no unreasonable adverse tax impact thereof) to execute and deliver to the Administrative Agent, as promptly as possible, but in any event not later than sixty (60) days after becoming such a Significant Foreign Subsidiary (or such later date as agreed to by the Administrative Agent in writing in its sole discretion), an executed Supplement to become a Foreign Subsidiary Guarantor under the Foreign Subsidiary Guaranty in the form of Annex I-2 to the Foreign Subsidiary Guaranty (whereupon such Subsidiary shall become a "Foreign Subsidiary Guarantor" under this Agreement), and (iv) each Foreign Subsidiary that becomes a Significant Foreign Subsidiary of a Foreign Subsidiary Borrower after the Closing Date other than in connection with an Acquisition (subject to there being no unreasonable adverse tax impact thereof) to execute and deliver to the Administrative Agent, as promptly as possible, but in any event not later than the later of (x) the date that is sixty (60) days after becoming a Significant Foreign Subsidiary and (y) the date on which the first financial statements and compliance certificates after becoming a Significant Foreign Subsidiary are required to be delivered pursuant to Section 7.1(A) are delivered (or such later date as agreed to by the Administrative Agent in writing in its sole discretion), an executed Supplement to become a Foreign Subsidiary Guarantor under the Foreign Subsidiary Guaranty in the form of Annex I-2 to the Foreign Subsidiary Guaranty (whereupon such Subsidiary shall become a "Foreign Subsidiary Guarantor" under this Agreement), and (b) deliver and cause each such Domestic Incorporated Subsidiary or Foreign Subsidiary to deliver corporate resolutions, opinions of counsel, and such other corporate documentation as the Administrative Agent may reasonably request, all in form and substance reasonably satisfactory to the Administrative Agent. Upon the Company's written request of and certification to the Administrative Agent that (i) a Domestic Incorporated Subsidiary is no longer a Significant Domestic Incorporated Subsidiary or (ii) a Foreign Subsidiary is no longer a Significant Foreign Subsidiary, the Administrative Agent, as contemplated in the Domestic Subsidiary Guaranty or the Foreign Subsidiary Guaranty, as applicable, shall release such Domestic Incorporated Subsidiary or Foreign Subsidiary from its duties and obligations under the Domestic Subsidiary Guaranty or Foreign Subsidiary Guaranty, as applicable; provided, that if such Domestic Incorporated Subsidiary or Foreign Subsidiary subsequently qualifies as a Significant Domestic Incorporated Subsidiary or Significant Foreign Subsidiary, it shall be required to re-execute the Domestic Subsidiary Guaranty or Foreign Subsidiary Guaranty, as applicable.

(J) Post-Closing Covenant. Within thirty days of the Closing Date (or such later date as the applicable Lender may agree), the applicable Borrower shall cause to be delivered to any Lender who requested promissory notes prior to the Closing Date such promissory notes in accordance with Section 2.12(D).

7.3

Negative Covenants

(A) Indebtedness. Neither the Company nor any of its Subsidiaries shall directly or indirectly create, incur, assume or otherwise become or remain directly or indirectly liable with respect to any Indebtedness, except:

- (i) the Obligations;
- (ii) Permitted Existing Indebtedness and Permitted Refinancing Indebtedness;
- (iii) Indebtedness in respect of obligations secured by Customary Permitted

Liens; 2.3(D):

- (iv) Indebtedness constituting Contingent Obligations permitted by Section
- (v) Indebtedness arising from intercompany loans and advances; provided, that,

except with respect to Indebtedness under a securitization transaction, unless all of the 2013 Senior Notes, the 2016 Senior Notes and the 2018 Senior Notes have been repaid in full or are otherwise no longer outstanding, the aggregate principal amount of intercompany loans and advances to Affiliates which are not members of the Obligor Group from Affiliates which are members of the Obligor Group (in each case, as determined at the time such intercompany loan is made) shall not exceed 10% of Consolidated Tangible Assets at any time outstanding; provided further, that such intercompany loans and advances shall be subject to the subordination provisions of Section 10.14 of this Agreement, Section 6 of the Domestic Subsidiary Guaranty and Section 6 of the Foreign Subsidiary Guaranty, in each case, to the extent applicable in such circumstance;

- (vi) Indebtedness in respect of Hedging Obligations permitted under Section

2.3(I):

- (vii) Guarantees of Indebtedness permitted hereunder;
- (viii) Indebtedness of any Person acquired pursuant to an Acquisition, so long as

such Indebtedness was not incurred in contemplation of such acquisition;

- (ix) Indebtedness that is subordinated to the Obligations pursuant to an agreement reasonably acceptable to the Administrative Agent;

- (x) Indebtedness consisting of promissory notes issued to redeem Equity Interests of the Company permitted hereby;

(xi) Indebtedness with respect to surety, appeal and performance bonds obtained by the Company or any of its Subsidiaries in the ordinary course of business, including Indebtedness arising incurred pursuant to section 8a of the German Act on Partial Retirement (*Altersteilzeitgesetz*) or section 7e of the German Social Security Code Part IV (*Sozialgesetzbuch IV*) including under any bank guarantee, surety (*Bürgschaft*) or any other instrument issued by a bank or financial institution in order to comply with the German

Act on Partial Retirement (*Altersteilzeitgesetz*) or the German Social Security Code Part IV (*Sozialgesetzbuch IV*);

(xii) Indebtedness evidenced by the 2013 Senior Notes, the 2016 Senior Notes and the 2018 Senior Notes (including any Indebtedness of the Subsidiary Guarantors and Foreign Subsidiary Borrowers arising under a guaranty of the 2013 Senior Notes, the 2016 Senior Notes or the 2018 Senior Notes);

(xiii) secured or unsecured purchase money Indebtedness (including Capitalized Leases) incurred by the Company or any of its Subsidiaries to finance the acquisition of assets used in its business, if (1) at the time of such incurrence no Default or Unmatured Default has occurred and is continuing or would result from such incurrence, (2) such Indebtedness does not exceed the lower of the fair market value or the cost of the applicable assets on the date acquired, (3) such Indebtedness does not exceed, in the aggregate outstanding at any time, the greater of (1) \$80,000,000 and (2) 3% of Consolidated Tangible Assets, and (4) any Lien securing such Indebtedness is permitted under Section 7.3(C);

(xiv) Receivables Facility Attributed Indebtedness in an aggregate amount not to exceed \$400,000,000 at any time;

(xv) other Indebtedness in addition to that referred to elsewhere in this Section 7.3(A) incurred and maintained by the Company and its Subsidiaries; provided that the incurrence of such additional Indebtedness does not result in a violation of the Leverage Ratio on a pro forma basis calculated hereunder for the fiscal quarter ending immediately prior to such incurrence; and provided further that no Default or Unmatured Default shall have occurred and be continuing at the date of such incurrence or would immediately result therefrom; and

(xvi) Permitted Refinancing Indebtedness.

(B) Sales of Assets. Neither the Company nor any of its Significant Subsidiaries shall consummate any Asset Sale, except:

(i) transfers of assets between the Company and any wholly-owned Subsidiary of the Company or between wholly-owned Subsidiaries of the Company not otherwise prohibited by this Agreement;

(ii) sales of inventory in the ordinary course of business;

(iii) the disposition in the ordinary course of business of equipment or property that is obsolete, excess, or no longer necessary, used or useful in the Company's or any Subsidiary's business or of any asset in exchange for, or the proceeds of which shall be used to acquire, any replacement asset necessary or useful in the business of the Company or any Subsidiary;

(iv) sales, transfers or assignments of Receivables in connection with receivables purchase facilities; provided, that the aggregate amount of Receivables Facility

Attributed Indebtedness arising in connection therewith does not exceed amounts permitted under Section 7.3(A)(xiv):

- (v) sales, transfers and other dispositions of accounts receivable in connection with the compromise, settlement or collection thereof consistent with past practice or other customary or reasonable business practices;
- (vi) sales, transfers, leases and other dispositions of property that are (x) investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business, (y) investments of any Person existing at the time such Person becomes a Subsidiary or consolidates or merges with the Company or any Subsidiary (including in connection with an acquisition) so long as such investments were not made in contemplation of such Person becoming a Subsidiary or of such consolidation or merger or (z) another asset received as consideration for the disposition of any asset permitted by this Section (in each case, other than Equity Interests in a Subsidiary, unless all Equity Interests in such Subsidiary are sold);
- (vii) leases entered into in the ordinary course of business, and sale and leaseback transactions, in each case, to the extent that they do not materially interfere with the business of the Company and its Subsidiaries and the sale of such assets and the related Indebtedness under any resulting Capitalized Lease would otherwise be permitted hereunder;
- (viii) sales, transfers, licenses or sublicenses of intellectual property in the ordinary course of business, to the extent that they do not materially interfere with the business of the Company and its Subsidiaries;
- (ix) dispositions resulting from any casualty or other damage to, or any taking under power of eminent domain or by condemnation or similar proceeding of, any property or asset of the Company or any Subsidiary; and
- (x) contributions of assets into Joint Ventures with an aggregate book value not to exceed \$250,000,000;
- (xi) the unwinding of Hedging Arrangements; and
- (xii) sales, assignments, transfers, leases, conveyances or other dispositions of other assets if (a) such transaction is for not less than fair market value (as determined in good faith by the Company's management or board of directors), (b) such transaction, when combined with all such other transactions pursuant to this Section 7.3(B)(xii) (each such transaction being valued at book value) during the then current fiscal year, represents the disposition of assets with an aggregate book value not greater than 15% of the aggregate book value of Consolidated Assets as of the end of the immediately preceding fiscal year and (c) until the occurrence of the Dispositions Covenant Trigger Date, immediately after giving effect to such transaction, no Default or Unmatured Default would exist and the Company would be permitted by the provisions of Section 7.4(A) to incur at least \$1.00 of additional Indebtedness (determined on a pro forma basis based upon EBITDA for the Last

Twelve-Month Period most recently ended for which financial statements have been delivered pursuant to Section 7.1(A)(i) or (ii) (provided that, for the avoidance of doubt, upon the occurrence of the Dispositions Covenant Trigger Date this clause (c) shall not apply); provided, that if the net proceeds from any such sale, assignment, transfer, lease, conveyance or other disposition is applied to a Debt Prepayment Application or a Property Reinvestment Application within one year after such sale, assignment, transfer, lease, conveyance or other disposition, then such sale, assignment, transfer, lease, conveyance or other disposition, only for the purpose of determining compliance with clause (b) of this subsection (xii) as of any date, shall be deemed not to be an Asset Sale as of the date of such application.

(C) Liens. Neither the Company nor any of its Subsidiaries shall directly or indirectly create, incur, assume or permit to exist any Lien on or with respect to any of their respective property or assets except:

- (i) Liens created by the Loan Documents or otherwise securing the Obligations;
- (ii) Permitted Existing Liens;
- (iii) Customary Permitted Liens;
- (iv) purchase money Liens (including the interest of a lessor under a Capitalized Lease and Liens to which any property is subject at the time of the Company's acquisition thereof) securing Indebtedness permitted pursuant to Section 7.3(A)(xii) or (xiii); provided that such Liens shall not apply to any property of the Company or its Subsidiaries other than that purchased or subject to such Capitalized Lease;
- (v) Liens with respect to property acquired by the Company or any of its Subsidiaries after the Closing Date (and not created in contemplation of such acquisition) pursuant to an Acquisition; provided, that such Liens shall extend only to the property so acquired;
- (vi) Liens with respect to property of any Person the Capital Stock of which is acquired (directly or indirectly) by the Company or any of its Subsidiaries after the Closing Date (and not created in contemplation of such acquisition) pursuant to an Acquisition; provided, that (x) such Liens (other than Liens of the type described in clause (iv) above) shall extend only to the property of such Person, (y) such Liens shall secure Indebtedness permitted hereunder in an aggregate amount not to exceed the greater of (1) \$85,000,000 and (2) 3% of Consolidated Tangible Assets (calculated on a pro forma basis giving effect to such acquisition as of the date of the Company's balance sheet then most recent delivered pursuant to Section 7.1(A)(i) or (ii)) and (z) the Company or the applicable Subsidiary shall cause such Liens to be terminated within ninety (90) days of the date on which such Acquisition is consummated;
- (vii) Liens arising under or in connection with the 2013 Senior Notes, the 2016 Senior Notes, the 2018 Senior Notes, the 2013 Note Agreement, the 2016 Senior Note Agreement, the 2018 Senior Note Agreement and any other senior (unsubordinated) credit.

loan or borrowing facility or senior (unsubordinated) note purchase agreement similar in form and substance to any of the foregoing and in a principal amount equal to or greater than \$50,000,000, so long as the creditors under such facility or note purchase agreement agree to be bound by the terms of the Intercreditor Agreement, the collateral securing the Liens of such creditors also secures the Obligations, and the Liens of such creditors are *pari passu* to the Liens securing the Obligations to the extent that the collateral securing such Liens also secures the Obligations;

(viii) Liens securing Receivables Facility Attributed Indebtedness permitted under Section 7.3(A);

(ix) Liens securing Hedging Obligations pursuant to Hedging Arrangements entered into by the Company and its Subsidiaries in the ordinary course of business and permitted hereby; and

(x) Liens with respect to property of any of Foreign Subsidiaries and securing Indebtedness of Foreign Subsidiaries; provided, that such Liens shall only secure Indebtedness permitted hereunder in an aggregate amount not to exceed the greater of (1) \$80,000,000 and (2) 3% of Consolidated Tangible Assets;

(xi) other Liens in addition to those described in Sections 7.3(C)(i) through (x) securing Indebtedness in an aggregate amount not to exceed the greater of (1) \$40,000,000 and (2) 2% of Consolidated Tangible Assets.

(D) Contingent Obligations. Neither the Company nor any of its Subsidiaries shall directly or indirectly create or become or be liable with respect to any Contingent Obligation, except: (i) recourse obligations resulting from endorsement of negotiable instruments for collection in the ordinary course of business; (ii) Permitted Existing Contingent Obligations, together with replacement Contingent Obligations (on substantially similar terms as the Permitted Existing Contingent Obligations) to the extent of any Permitted Refinancing Indebtedness of the Indebtedness that was the subject of such Permitted Existing Contingent Obligations; (iii) obligations, warranties, guarantees and indemnities, not relating to Indebtedness of any Person, which have been or are undertaken or made in the ordinary course of business and not for the benefit of or in favor of an Affiliate of the Company or such Subsidiary; (iv) Contingent Obligations with respect to surety, appeal and performance bonds obtained by the Company or any Subsidiary in the ordinary course of business; (v) Contingent Obligations of the Subsidiary Guarantors under the Domestic Subsidiary Guaranty, the Foreign Subsidiary Guaranty or of a Foreign Subsidiary which provides a guarantee (including gross-up amounts for any withholding taxes or capital charges) of the Obligations (as distinguished from solely guaranteeing Drawn Foreign Amounts) under a guaranty of the Indebtedness under the agreements described in clause (vi) below; (vi) Contingent Obligations of the Subsidiary Guarantors or any of the Company's other Subsidiaries under any guaranty of the Indebtedness arising under the 2013 Senior Notes, the 2016 Senior Notes, the 2018 Senior Notes, the 2013 Note Agreement, the 2016 Senior Note Agreement, the 2018 Senior Note Agreement or any other senior (unsubordinated) credit, loan or borrowing facility or senior (unsubordinated) note purchase agreement similar in form and substance to any of the foregoing and in a principal amount equal to or greater than \$50,000,000, so long as the creditors under such facility or note purchase agreement agree to be bound by the

terms of the Intercreditor Agreement, (vii) obligations arising under or related to the Loan Documents, (viii) Contingent Obligations arising in connection with Receivables Facility Attributed Indebtedness permitted under Section 7.3(A); (ix) Contingent Obligations of the Company or any Subsidiary arising from the guaranty of Indebtedness of the Company or any Subsidiary, as applicable, to the extent such Indebtedness was permitted pursuant to Section 7.3(A); (x) Contingent Obligations in respect of representations and warranties customarily given in respect of Asset Sales otherwise permitted hereunder; and (xi) Contingent Obligations, in an aggregate amount not to exceed at any time outstanding the greater of (1) \$200,000,000 and (2) 8% of Consolidated Assets, arising as a result of the guaranty of any Indebtedness not described in clauses (i) through (x) hereof and otherwise permitted under Section 7.3(A).

(E) Conduct of Business. Neither the Company nor any of its Significant Subsidiaries shall engage in any business other than the businesses engaged in by the Company on the date hereof and any business or activities which are reasonably similar, related or incidental thereto or logical extensions thereof.

(F) Transactions with Affiliates. Neither the Company nor any of its Subsidiaries shall directly or indirectly enter into or permit to exist any transaction (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (other than a wholly-owned direct or indirect Subsidiary of the Company), on terms that are (a) not authorized by the board of directors (or equivalent governing body) of the Company or any of its Subsidiaries, as applicable, or (b) less favorable to the Company or any of its Subsidiaries, as applicable, than those that might be obtained in an arm's length transaction at the time from Persons who are not such an Affiliate, except for (i) dividends or distributions in respect of the Capital Stock of the Company to the holders of such Capital Stock that are permitted by applicable law and otherwise approved by the Company's Board of Directors, (ii) transactions in the ordinary course of business and pursuant to the reasonable requirements of the Company's or such Subsidiary's business and (iii) loans and advances to employees in the ordinary course of business and in amounts consistent with practice in effect prior to the Closing Date.

(G) Restriction on Fundamental Changes. Neither the Company nor any of its Significant Subsidiaries shall enter into any merger or consolidation, or liquidate, wind-up or dissolve (or suffer any liquidation or dissolution), or convey, lease, sell, transfer or otherwise dispose of, in one transaction or series of transactions, all or substantially all of the Company's consolidated business or property, whether now or hereafter acquired, except (i) transactions permitted under Sections 7.3(B), (ii) a Subsidiary of the Company or any other Person (other than the Company) may be merged into or consolidated with the Company (in which case the Company shall be the surviving corporation) or any wholly-owned Domestic Incorporated Subsidiary of the Company (in which case such wholly-owned Domestic Incorporated Subsidiary of the Company shall survive), (iii) a Foreign Subsidiary or any other Person (other than the Company or any Domestic Incorporated Subsidiary) may be merged into or consolidated with any other wholly-owned Foreign Subsidiary (in which case the wholly-owned Foreign Subsidiary will survive, and, for the avoidance of doubt, if involving a Foreign Subsidiary Borrower or Foreign Subsidiary Guarantor, the Foreign Subsidiary Borrower or Foreign Subsidiary Guarantor, as applicable, shall be the surviving corporation), and (iv) any dissolution or liquidation of any Subsidiary of the Company into the Company or another Subsidiary of the Company, as applicable.

(H) Margin Regulations. Neither the Company nor any of its Subsidiaries, shall use all or any portion of the proceeds of any credit extended under this Agreement to purchase or carry Margin Stock in such amounts as would cause this Agreement to be deemed a "purpose credit" for purposes of Regulation T.

(I) Subsidiary Covenants. The Company will not, and will not permit any Significant Subsidiary to, create or otherwise cause to become effective any consensual encumbrance or restriction of any kind on the ability of any Significant Subsidiary to pay dividends or make any other distribution on its stock, pay any Indebtedness or other Obligation owed to the Company or any other Subsidiary, make loans or advances or other investments in the Company or any other Subsidiary, or sell, transfer or otherwise convey any of its property to the Company or any other Subsidiary other than pursuant to (i) applicable law, (ii) this Agreement or the other Loan Documents, (iii) the 2013 Senior Notes, the 2016 Senior Notes, the 2018 Senior Notes and any other senior (unsubordinated) credit, loan or borrowing facility or senior (unsubordinated) note purchase agreement similar in form and substance to any of the foregoing and in a principal amount equal to or greater than \$50,000,000, so long as the creditors under such facility or note purchase agreement agree to be bound by the terms of the Intercreditor Agreement, (iv) restrictions imposed by the holder of a Lien permitted by Section 7.3(C), (v) restrictions and conditions on the foregoing existing as of the Closing Date, (vi) customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary or any assets pending such sale, provided that such restrictions and conditions apply only to the Subsidiary or assets that is or are to be sold and such sale is permitted hereunder, (vii) restrictions or conditions imposed by any agreement relating to any securitization transaction permitted by this Agreement if such restrictions or conditions apply only to the assets and interests therein that are the subject of the securitization transaction or to any Subsidiary which is a special purpose entity party to and whose sole business relates to such securitization transaction, (viii) restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness, (ix) customary provisions in leases and other contracts restricting the assignment thereof, (x) restrictions and conditions in any existing or future joint venture agreement that restricts the ability of any party to such agreement to create, incur or permit a Lien on the equity interests in the joint venture and (xi) restrictions and conditions in any existing or future license agreement with respect to intellectual property that restricts the ability of any party to such agreement to create, incur or permit a Lien on such intellectual property.

(J) Hedging Obligations. The Company shall not and shall not permit any of its Subsidiaries to enter into any interest rate, commodity or foreign currency exchange, swap, collar, cap or similar agreements evidencing Hedging Obligations, other than interest rate, foreign currency or commodity exchange, swap, collar, cap or similar agreements entered into by the Company or such Subsidiary pursuant to which the Company or such Subsidiary has hedged its reasonably estimated interest rate, foreign currency or commodity exposure, which are non-speculative in nature. Such permitted hedging agreements entered into by the Company or any Subsidiary and any Lender or any affiliate of any Lender are sometimes referred to herein as "Hedging Agreements."

7.4 Financial Covenants. The Company shall comply with the following:

(A) Maximum Leverage Ratio. The Company and its consolidated Subsidiaries shall not permit the ratio (the "Leverage Ratio") of (i) Net Indebtedness to (ii) EBITDA to be greater than 3.50 to 1.00 for each four (4) fiscal quarter period of the Company beginning with the fiscal quarter ending September 30, 2022 (or, so long as the Leverage Ratio Increase Requirements have been met, 4.00 to 1.00 for the fiscal quarter during which any applicable Acquisition was consummated and the next three succeeding fiscal quarters).

The Leverage Ratio shall be calculated, in each case, determined as of the last day of each fiscal quarter of the Company based upon (a) for Net Indebtedness, Net Indebtedness as of the last day of each such fiscal quarter; and (b) for EBITDA, the actual amount for the Last Twelve-Month Period, provided, that the Leverage Ratio shall be calculated, with respect to Acquisitions, on a pro forma basis using historical financial statements and containing reasonable adjustments satisfactory to the Administrative Agent, broken down by fiscal quarter in the Company's reasonable judgment.

(B) Minimum Consolidated Net Worth. From the Closing Date until the Financial Covenant Trigger Date, the Company shall not permit its Consolidated Net Worth at any time to be less than the sum of (i) \$1,156,000,000 (the applicable "Base Amount") plus (ii) on the last Business Day of each fiscal year, beginning with the fiscal year ending September 30, 2022, the sum of fifty percent (50%) of Net Income (if positive) for such fiscal year, plus (iii) fifty percent (50%) of the net cash proceeds resulting from the issuance by the Company of any Capital Stock, other than shares of Capital Stock issued pursuant to employee stock option or ownership plans; provided, that the effect of adjustments (not in excess of the Maximum Adjustment Amount) in the accumulated other comprehensive earnings accounts of the Company and its Subsidiaries, shall in each case be excluded in calculating the Company's Consolidated Net Worth. For purposes of this Section 7.4(B), "Maximum Adjustment Amount" means 10% of the Base Amount. The Company's compliance with this covenant shall be calculated and tested as of the end of each fiscal quarter.

ARTICLE VIII: DEFAULTS

8.1 Defaults. Each of the following occurrences shall constitute a Default under this Agreement:

(A) Failure to Make Payments When Due. (i) The Company shall fail to pay when due any of the Obligations consisting of principal with respect to the Loans or Reimbursement Obligations or (ii) any member of the Obligor Group shall fail to pay within five (5) days of the date when due any of the other Obligations under this Agreement or the other Loan Documents.

(B) Breach of Certain Covenants. The Company shall fail duly and punctually to perform or observe any agreement, covenant or obligation binding on the Company under:

(i) Section 7.1 and such failure shall continue unremedied for thirty (30) days;

(ii) Section 7.2 (other than Section 7.2(H)(ii)) and such failure shall continue unremedied for thirty (30) days after notice thereof from the Administrative Agent or any Lender is delivered to the Company or an Authorized Officer of the Company otherwise becomes aware of such failure, or

(iii) Sections 7.2(H)(ii), 7.3 or 7.4.

(C) Breach of Representation or Warranty. Any representation or warranty made or deemed made by the Company to the Administrative Agent or any Lender herein or by the Company or any of its Subsidiaries in any of the other Loan Documents or in any statement or certificate at any time given by any such Person pursuant to any of the Loan Documents shall be false or misleading in any material respect on the date as of which made (or deemed made).

(D) Other Defaults. The Company shall default in the performance of or compliance with any term contained in this Agreement (other than as covered by paragraphs (A) or (B) of this Section 8.1), or the Company or any of its Subsidiaries shall default in the performance of or compliance with any term contained in any of the other Loan Documents, and such default shall continue unremedied and unwaived for thirty (30) days after the occurrence thereof.

(E) Default as to Other Indebtedness. The Company or any of its Subsidiaries shall fail to make any payment when due (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise) with respect to any Indebtedness (other than Indebtedness hereunder, but including, without limitation, Disqualified Stock issued to Persons other than the Company or any wholly-owned Subsidiary), beyond any period of grace provided with respect thereto, which individually or together with other such Indebtedness as to which any such failure exists has an aggregate outstanding principal amount in excess of \$85,000,000, or any breach, default or event of default shall occur, or any other condition shall exist under any instrument, agreement or indenture pertaining to any such Indebtedness having such aggregate outstanding principal amount, beyond any period of grace, if any, provided with respect thereto, if the effect thereof is to cause an acceleration, mandatory redemption, a requirement that the Company offer to purchase such Indebtedness or other required repurchase of such Indebtedness, or permit the holder(s) of such Indebtedness to accelerate the maturity of any such Indebtedness, or require a redemption or other repurchase of such Indebtedness or any such Indebtedness shall be otherwise declared to be due and payable (by acceleration or otherwise) or required to be prepaid, redeemed or otherwise repurchased by the Company or any of its Subsidiaries (other than by a regularly scheduled required prepayment) prior to the stated maturity thereof.

(F) Involuntary Bankruptcy, Appointment of Receiver, Etc.

(i) An involuntary case shall be commenced against the Company, any of the Company's Significant Domestic Incorporated Subsidiaries, or any of the Company's Significant Foreign Subsidiaries and the petition shall not be dismissed, stayed, bonded or discharged within sixty (60) days after commencement of the case; or a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Company, any of the Company's Significant Domestic Incorporated Subsidiaries, or any of the Company's Significant Foreign Subsidiaries in an involuntary case, under any applicable bankruptcy, insolvency or other similar law now or hereinafter in effect; or any other similar relief shall be granted under any applicable federal, state, local or foreign law.

(ii) A decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequester, trustee, custodian or other officer having similar powers over the Company, any of the Company's Significant Domestic

Incorporated Subsidiaries or any of the Company's Significant Foreign Subsidiaries or over all or a substantial part of the property of the Company, any of the Company's Significant Domestic Incorporated Subsidiaries or any of the Company's Significant Foreign Subsidiaries shall be entered; or an interim receiver, trustee or other custodian of the Company, any of the Company's Significant Domestic Incorporated Subsidiaries or any of the Company's Significant Foreign Subsidiaries or of all or a substantial part of the property of the Company, any of the Company's Significant Domestic Incorporated Subsidiaries or any of the Company's Significant Foreign Subsidiaries shall be appointed or a warrant of attachment, execution or similar process against any substantial part of the property of the Company, any of the Company's Significant Domestic Incorporated Subsidiaries or any of the Company's Significant Foreign Subsidiaries shall be issued and any such event shall not be stayed, dismissed, bonded or discharged within sixty (60) days after entry, appointment or issuance.

(iii) Any member of the Obligor Group incorporated under the laws of the Federal Republic of Germany: (i) is over-indebted (*überschuldet*) within the meaning of section 19 InsO (as applicable from time to time) or unable to pay its debts as they fall due (*zahlungsunfähig*) within the meaning of section 17 InsO, suspends making payments on all or a material part of its debts or announces an intention to do so or (ii) commences negotiations with any one or more of its creditors (other than a Credit Party in its capacity as such) with a view to the general readjustment or rescheduling of its indebtedness or, for any of the reasons set out in sections 17 to 19 InsO or (iii) any such member of the Obligor Group files for insolvency (*Antrag auf Eröffnung eines Insolvenzverfahrens*) or the board of directors or management (*Vorstand oder Geschäftsführung*) of any such member of the Obligor Group is required by law to file for insolvency; or (iv) the competent court takes any of the actions set out in section 21 InsO or the competent court institutes or rejects (for reason of insufficiency of its funds to implement such proceedings) insolvency proceedings against any such member of the Obligor Group (*Eröffnung des Insolvenzverfahrens*).

(G) Voluntary Bankruptcy; Appointment of Receiver, Etc. The Company, any of the Company's Significant Domestic Incorporated Subsidiaries or any of the Company's Significant Foreign Subsidiaries shall (i) commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, under any such law, (iii) consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property, (iv) make any assignment for the benefit of creditors or (v) take any corporate action to authorize any of the foregoing.

(H) Judgments and Attachments. Any money judgment(s) (other than a money judgment covered by insurance reasonably satisfactory (including the amount thereof) to the Administrative Agent and as to which the applicable insurance company has not disclaimed or reserved the right to disclaim coverage or subject to indemnity), writ or warrant of attachment, or similar process against the Company or any of its Subsidiaries or any of their respective assets involving in any single case or in the aggregate an amount in excess of \$85,000,000 is or are entered and shall remain undischarged, unvacated, unbonded or unstayed for a period of sixty (60) days.

- (I) Dissolution. Any order, judgment or decree shall be entered against the Company decreeing its involuntary dissolution or split up from its Significant Subsidiaries and such order shall remain undischarged and unstayed for a period in excess of sixty (60) days; or the Company shall otherwise dissolve or cease to exist except as specifically permitted by this Agreement.
- (J) Loan Documents. At any time, for any reason, any Loan Document that materially affects the ability of the Administrative Agent or any of the Lenders to enforce the Obligations ceases to be in full force and effect or the Company or any of the Company's Significant Subsidiaries party thereto seek to repudiate their respective obligations thereunder.
- (K) ERISA Event. An ERISA Event shall have occurred that, individually or when taken together with all other ERISA Events that have occurred, could reasonably be expected to have a Material Adverse Effect.
- (L) Installment Payments. The Company or any member of the Controlled Group has failed to make an installment or any other payment which could result in a lien under Section 430(k) of the Code with respect to a liability in excess of \$85,000,000.
- (M) Change of Control. A Change of Control shall occur.
- (N) Guarantor Revocation. Except as permitted upon the termination of such Foreign Subsidiary Guarantor's parent as a Foreign Subsidiary Borrower, any guarantor of the Obligations shall terminate or revoke any of its obligations under the Domestic Subsidiary Guaranty or the Foreign Subsidiary Guaranty (other than any termination or revocation after release in accordance with this Agreement or any other Loan Document).
- (O) Receivables Facility Attributed Indebtedness. An event (such event, a "Receivables Facility Trigger Event") shall occur which (i) permits the investors or purchasers in respect of Receivables Facility Attributed Indebtedness of the Company or any Affiliate of the Company to require the early amortization or liquidation of such Receivables Facility Attributed Indebtedness in an aggregate outstanding amount in excess of \$85,000,000 and (x) such Receivables Facility Trigger Event shall not be remedied or waived within the later to occur of the tenth day after the occurrence thereof or the expiry date of any grace period related thereto under the agreement evidencing such Receivables Facility Attributed Indebtedness, or (y) such investors shall require the early amortization or liquidation of such Receivables Facility Attributed Indebtedness as a result of such Receivables Facility Trigger Event, (ii) results in the termination of reinvestments of collections or proceeds of receivables and related assets under the agreements evidencing such Receivables Facility Attributed Indebtedness, or (iii) causes or otherwise permits the replacement or substitution of the Company or any Affiliate thereof as the servicer under the agreements evidencing such Receivables Facility Attributed Indebtedness; provided, however, that this Section 8.1(P) shall not apply on any date with respect to any voluntary request by the Company or an Affiliate thereof for an above-described amortization, liquidation, or termination of reinvestments so long as the aforementioned investors or purchasers cannot independently require on such date such amortization, liquidation or termination of reinvestments.
- A Default shall be deemed "continuing" until cured or until waived in writing in accordance with Section 9.3.

ARTICLE IX: ACCELERATION, DEFAULTING LENDERS; WAIVERS, AMENDMENTS AND REMEDIES

9.1 **Termination of Revolving Loan Commitments; Acceleration.** If any Default described in Section 2.1(E) or 2.1(G) occurs with respect to any Borrower, the Termination Date shall be deemed to have occurred, all obligations of the Lenders to make Loans hereunder and the obligation of any Issuing Banks to issue Letters of Credit hereunder shall automatically terminate, the Obligations shall immediately become due and payable without any election or action on the part of the Administrative Agent or any Lender and the Borrowers shall be and become thereby unconditionally obligated, without any further notice, act or demand, to pay to the Administrative Agent the cash collateral required pursuant to Section 3.11. If any other Default occurs, the Required Lenders may terminate or suspend the obligations of the Lenders to make Loans hereunder and the obligation of the Issuing Banks to issue Letters of Credit hereunder, or declare the Termination Date to have occurred and the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrowers expressly waive.

9.2 **Preservation of Rights.** No delay or omission of the Lenders or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan or the issuance of a Letter of Credit notwithstanding the existence of a Default or the inability of the applicable Borrower to satisfy the conditions precedent to such Loan or issuance of such Letter of Credit shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the Lenders required pursuant to Section 2.3 and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent and the Lenders until the Obligations have been paid in full in cash.

9.3 **Amendments.** Subject to the provisions of this Article IX and except as otherwise provided in Section 2.22 with respect to an Incremental Term Loan Amendment, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Borrowers may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrowers hereunder or waiving any Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of each Lender (which is not a Defaulting Lender) affected thereby (provided, that a Defaulting Lender shall be permitted to consent to any increase or extension of its Revolving Loan Commitment or any amendment, waiver or modification which would otherwise require its consent pursuant to clauses (ii) and (iii) below):

(i) Postpone or extend such Lender's Revolving Loan Termination Date or any other date fixed for any payment of principal of, or interest on, the Loans (other than prepayments thereunder), the Reimbursement Obligations or any fees or other amounts payable to such Lender or any modifications of the provisions relating to prepayments of Loans and other Obligations;

(ii) Reduce the principal amount of any Loans or L/C Obligations, or reduce the rate or extend the time of payment of interest or fees thereon; provided, however, that a waiver of the application of the default rate of interest pursuant to Section 2.10 hereof shall only require the approval of the Required Lenders; or

(iii) Increase the amount of the Revolving Loan Commitment of any Lender hereunder, increase any Lender's Pro Rata Share or increase the aggregate principal amount of such Lender's Loans; provided, further, however, that no such supplemental agreement shall, without the consent of each Lender (which is not a Defaulting Lender):

(i) Reduce the percentage specified in the definition of Required Lenders or any other percentage of Lenders specified to be the applicable percentage in this Agreement to act on specified matters or amend the definitions of "Required Lenders" or "Pro Rata Share" (it being understood that, solely with the consent of the parties prescribed by Section 2.22 to be parties to an Incremental Term Loan Amendment, Incremental Term Loans may be included in the determination of Required Lenders on substantially the same basis as the Revolving Loan Commitments and the Revolving Loans are included on the Closing Date);

(ii) Permit any Borrower to assign its rights under this Agreement;

(iii) Other than pursuant to a transaction permitted by the terms of this Agreement, release the Company or any guarantor from its obligations under Section 16.1, the Domestic Subsidiary Guaranty or the Foreign Subsidiary Guaranty;

(iv) Amend Section 12.2 or 12.3 in a manner that would alter the pro rata sharing of payments required thereby (it being acknowledged and agreed that any technical amendments described in the last paragraph of this Section 9.3 shall not require the consent of any other Lender); or

(v) Amend the definition of "Agreed Currencies" or "Agreed Jurisdictions" or amend Section 2.23, this Section 9.3 or Section 12.3.

No amendment of any provision of this Agreement relating to (a) the Administrative Agent shall be effective without the written consent of the Administrative Agent, (b) Swing Line Loans shall be effective without the written consent of the Swing Line Bank, and (c) any Issuing Bank shall be effective without the written consent of such Issuing Bank. The Administrative Agent may waive payment of the fee required under Section 13.3(c) without obtaining the consent of any of the Lenders.

ARTICLE X: GENERAL PROVISIONS

10.1 Survival of Representations All representations and warranties of the Borrowers contained in this Agreement shall survive delivery of this Agreement and the making of the Loans herein contemplated so long as any principal, accrued interest, fees, or any other amount due and payable under any Loan Document is outstanding and unpaid (other than contingent

reimbursement and indemnification obligations) and so long as the Revolving Loan Commitments have not been terminated.

10.2 Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Borrowers in violation of any limitation or prohibition provided by any applicable statute or regulation.

10.3 Intentionally Omitted

10.4 Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

10.5 Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrowers, the Administrative Agent, the Co-Syndication Agents and the Lenders and supersede all prior agreements and understandings among the Borrowers, the Administrative Agent and the Lenders relating to the subject matter thereof.

10.6 Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other Lender (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns.

10.7 Expenses; Indemnification.

(A) Expenses. The Borrowers shall reimburse the Administrative Agent, the Arrangers and the Co-Syndication Agents for any reasonable and documented costs and out-of-pocket expenses (but limited, in the case of legal fees and expenses, to the reasonable and documented fees, disbursements and other charges of one counsel to the Administrative Agent and its Affiliates and, if necessary, a one local counsel, specialty or foreign in each relevant material jurisdiction or specialty) paid or incurred by the Administrative Agent, the Arrangers or the Co-Syndication Agents in connection with the preparation, negotiation, execution, delivery, syndication, review, amendment, modification, and administration of the Loan Documents. The Company also agrees to reimburse the Administrative Agent, the Arrangers, the Co-Syndication Agents and the Lenders for any reasonable and documented costs and out-of-pocket expenses (but limited, in the case of legal fees and expenses, to the reasonable and documented fees, disbursements and other charges of (x) one counsel to the Administrative Agent and Wells Fargo Securities, LLC taken as a whole, and, if necessary, of one local, specialty or foreign counsel to the Administrative Agent and Wells Fargo Securities, LLC, taken as a whole, in each relevant material jurisdiction or specialty and (y) one counsel to the Lenders (taken as a whole), and, if necessary, of one local, specialty or foreign counsel to the Lenders (taken as a whole) in each relevant material jurisdiction or specialty; provided that in the case of an actual or perceived conflict of interest, one additional counsel in each relevant jurisdiction to each group of affected Lenders similarly situated (taken as a whole) paid or incurred by the Administrative Agent, the Arrangers, the Co-Syndication Agents

or any Lender in connection with the collection of the Obligations and enforcement of the Loan Documents.

(B) **Indemnity.** The Borrowers further agree to defend, protect, indemnify, and hold harmless the Administrative Agent, each Arranger, each Co-Syndication Agent, and each and all of the Lenders and each of their respective Affiliates, and each of such Administrative Agent's, Arranger's, Co-Syndication Agent's, Lender's, or Affiliate's respective officers, directors, trustees, investment advisors, employees, attorneys, advisors and agents (including, without limitation, those retained in connection with the satisfaction or attempted satisfaction of any of the conditions set forth in Article V) (collectively, the "**Indemnitees**"), based upon its obligations, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, claims, reasonable costs, reasonable expenses of any kind or nature whatsoever (including, without limitation, the fees and disbursements of counsel for such Indemnitees in connection with any investigative, administrative or judicial proceeding, whether or not such Indemnitees shall be designated a party thereto), imposed on, incurred by, or asserted against such Indemnitees in any manner relating to or arising out of:

(i) this Agreement or any of the other Loan Documents, or any act, event or transaction related or attendant thereto or to the making of the Loans, and the issuance of and participation in Letters of Credit hereunder, the management of such Loans or Letters of Credit, the use or intended use of the proceeds of the Loans or Letters of Credit hereunder, or any of the other transactions contemplated by the Loan Documents; or

(ii) any liabilities, obligations, responsibilities, losses, damages, personal injury, death, economic damages, treble damages, intentional, willful or wanton injury, damage or threat to the environment, natural resources or public health or welfare, costs and expenses (including, without limitation, attorney, expert and consulting fees and costs of investigation, feasibility or remedial action studies), fines, penalties and monetary sanctions, interest, known or unknown, absolute or contingent, past, present or future relating to violation of any Environmental, Health or Safety Requirements of Law arising from or in connection with the past, present or future operations of the Company, its Subsidiaries or any of their respective predecessors in interest, or, the past, present or future environmental, health or safety condition of any respective property of the Company or its Subsidiaries, the presence of asbestos-containing materials at any respective property of the Company or its Subsidiaries or the Release or threatened Release of any Contaminant into the environment (collectively, the "**Indemnified Matters**").

provided, however, that the foregoing indemnity will not, as to any Indemnitee, apply to losses, claims, damages, liabilities or related expenses to the extent they arise from (i) the willful misconduct, bad faith or gross negligence of, or intentional breach of its material duties and obligations under this Agreement or any of the other Loan Documents by, such Indemnitee (or any of its controlled Affiliates and their respective directors, officers, employees and partners, in each case to the extent involved in the transactions contemplated by this Agreement), in each case, as determined by a final non-appealable judgment of a court of competent jurisdiction or (ii) any disputes solely among Indemnitees and not arising out of any act or omission of any Borrower or any of its Subsidiaries (other than any proceeding against the Administrative Agent solely in its capacity as such or in fulfilling its role as Administrative Agent, or against any Arranger solely in

its capacity or in fulfilling its role as an Arranger). If the undertaking to indemnify, pay and hold harmless set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, each Borrower shall contribute the maximum portion which it is permitted to pay and satisfy under applicable law, to the payment and satisfaction of all Indemnified Matters incurred by the Indemnitees.

(C) Waiver of Certain Claims. To the fullest extent permitted by applicable law, the Borrower and each other Credit Party shall not assert, and hereby waives, any claim against the Administrative Agent, each Arranger, each Co-Syndication Agent, and each and all of the Lenders and each of their respective Affiliates, and each of such Administrative Agent's, Arranger's, Co-Syndication Agent's, Lender's, or Affiliate's respective officers, directors, trustees, investment advisors, employees, attorneys, advisors and agents (collectively, the "Lender Parties"), on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Lender Party shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby, except to the extent that such damages are determined by a final non-appealable judgment of a court of competent jurisdiction to have resulted from the gross negligence, willful misconduct or bad faith of such Lender Party.

(D) Survival of Agreements. The obligations and agreements of the Borrowers under this Section 10.7 shall survive the termination of this Agreement.

10.8 Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Lenders.

10.9 Confidentiality. Each Lender agrees to hold any confidential information which it may receive from any member of the Obligor Group pursuant to this Agreement in confidence, except for disclosure (i) to its Affiliates and to other Lenders and their respective Affiliates, and, in each case, their respective employees, directors and officers, (ii) to legal counsel, accountants, and other professional advisors to such Lender or to a Transferee, (iii) to regulatory officials, (iv) to any Person as requested pursuant to or as required by law, regulation, or legal process, (v) to any Person in connection with any legal proceeding to which such Lender is a party, (vi) to such Lender's direct or indirect contractual counterparties in Hedging Agreements or to legal counsel, accountants and other professional advisors to such counterparties, (vii) permitted by Section 13.4.

(viii) to rating agencies if requested or required by such agencies in connection with a rating relating to the Advances hereunder, (ix) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, and (x) in the event and to the extent such confidential information (A) becomes publicly available other than as a result of breach of this Section or (B) becomes available to the Administrative Agent, any Lender or any of their respective Affiliates on a non-confidential basis from a source other than the Borrowers.

10.10 Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

10.11 Non-liability of Lenders. The relationship among the Borrowers and the Lenders and the Administrative Agent shall be solely that of borrower and lender. Neither the Administrative Agent nor any Lender shall have any fiduciary responsibilities to any Borrower. Neither the Administrative Agent nor any Lender undertakes any responsibility to any Borrower to review or inform such Borrower of any matter in connection with any phase of such Borrower's business or operations.

10.12 GOVERNING LAW. ANY DISPUTE BETWEEN ANY BORROWER AND THE ADMINISTRATIVE AGENT OR ANY LENDER ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THE BORROWERS AND THE LENDERS IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

10.13 CONSENT TO JURISDICTION, SERVICE OF PROCESS, JURY TRIAL.

(A) EXCLUSIVE JURISDICTION. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST ANY BORROWER IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY MEMBER OF THE OBLIGOR GROUP AGAINST THE ADMINISTRATIVE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH ANY LOAN DOCUMENT (OTHER THAN COUNTERCLAIMS INITIATED IN THE SAME JURISDICTION AS THE CLAIM) SHALL BE BROUGHT TO THE EXTENT POSSIBLE ONLY IN A COURT IN NEW YORK CITY, NEW YORK.

(B) SERVICE OF PROCESS. EACH OF THE PARTIES HERETO WAIVES PERSONAL SERVICE OF ANY PROCESS UPON IT AND IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY WRITS, PROCESS OR SUMMONSES IN

ANY SUIT, ACTION OR PROCEEDING BY THE MAILING THEREOF BY THE ADMINISTRATIVE AGENT OR THE LENDERS BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH PARTY ADDRESSED AS PROVIDED HEREIN, NOTHING HEREIN SHALL IN ANY WAY BE DEEMED TO LIMIT THE ABILITY OF ANY OF THE PARTIES HERETO TO SERVE ANY SUCH WRITS, PROCESS OR SUMMONSES IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(C) WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH. EACH OF THE PARTIES HERETO AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(D) ADVICE OF COUNSEL. EACH OF THE PARTIES REPRESENTS TO EACH OTHER PARTY HERETO THAT IT HAS DISCUSSED THIS AGREEMENT AND, SPECIFICALLY, THE PROVISIONS OF SECTION 10.7 AND THIS SECTION 10.13, WITH ITS COUNSEL.

(E) SERVICE OF PROCESS TO FOREIGN SUBSIDIARY BORROWERS. EACH FOREIGN SUBSIDIARY BORROWER IRREVOCABLY DESIGNATES AND APPOINTS THE COMPANY, AS ITS AUTHORIZED AGENT, TO ACCEPT AND ACKNOWLEDGE ON ITS BEHALF, SERVICE OF ANY AND ALL PROCESS WHICH MAY BE SERVED IN ANY SUIT, ACTION OR PROCEEDING OF THE NATURE REFERRED TO IN SECTION 10.13(A) IN ANY FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK CITY, NEW YORK. THE COMPANY HEREBY REPRESENTS, WARRANTS AND CONFIRMS THAT THE COMPANY HAS AGREED TO ACCEPT SUCH APPOINTMENT (AND ANY SIMILAR APPOINTMENT BY A SUBSIDIARY GUARANTOR WHICH IS A FOREIGN SUBSIDIARY). SAID DESIGNATION AND APPOINTMENT SHALL BE IRREVOCABLE BY EACH SUCH FOREIGN SUBSIDIARY BORROWER UNTIL ALL LOANS, ALL REIMBURSEMENT OBLIGATIONS, INTEREST THEREON AND ALL OTHER AMOUNTS PAYABLE BY SUCH FOREIGN SUBSIDIARY BORROWER HEREUNDER AND UNDER THE OTHER LOAN DOCUMENTS SHALL HAVE BEEN PAID IN FULL IN ACCORDANCE WITH THE PROVISIONS HEREOF AND THEREOF AND SUCH FOREIGN SUBSIDIARY BORROWER SHALL HAVE BEEN TERMINATED AS A BORROWER HEREUNDER PURSUANT TO SECTION 2.23. EACH FOREIGN SUBSIDIARY BORROWER HEREBY CONSENTS TO PROCESS BEING SERVED IN ANY SUIT, ACTION OR PROCEEDING OF THE NATURE REFERRED TO IN SECTION 10.13(A) IN ANY FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK CITY,

NEW YORK BY SERVICE OF PROCESS UPON THE COMPANY AS PROVIDED IN THIS SECTION 10.13(E); PROVIDED THAT, TO THE EXTENT LAWFUL AND POSSIBLE, NOTICE OF SAID SERVICE UPON SUCH AGENT SHALL BE MAILED BY REGISTERED OR CERTIFIED AIR MAIL, POSTAGE PREPAID, RETURN RECEIPT REQUESTED, TO THE COMPANY AND (IF APPLICABLE TO SUCH FOREIGN SUBSIDIARY BORROWER AT ITS ADDRESS SET FORTH IN THE BORROWING SUBSIDIARY AGREEMENT TO WHICH IT IS A PARTY OR TO ANY OTHER ADDRESS OF WHICH SUCH FOREIGN SUBSIDIARY BORROWER SHALL HAVE GIVEN WRITTEN NOTICE TO THE ADMINISTRATIVE AGENT (WITH A COPY THEREOF TO THE COMPANY), EACH FOREIGN SUBSIDIARY BORROWER IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ALL CLAIM OF ERROR BY REASON OF ANY SUCH SERVICE IN SUCH MANNER AND AGREES THAT SUCH SERVICE SHALL BE DEEMED IN EVERY RESPECT EFFECTIVE SERVICE OF PROCESS UPON SUCH FOREIGN SUBSIDIARY BORROWER IN ANY SUCH SUIT, ACTION OR PROCEEDING AND SHALL, TO THE FULLEST EXTENT PERMITTED BY LAW, BE TAKEN AND HELD TO BE VALID AND PERSONAL SERVICE UPON AND PERSONAL DELIVERY TO SUCH FOREIGN SUBSIDIARY BORROWER. NOTHING IN THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS AGREEMENT TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

10.14 Subordination of Intercompany Indebtedness. Each Borrower agrees that any and all claims of such Borrower against any of its Affiliates that is a guarantor with respect to any indebtedness of any guarantor to such Borrower ("Intercompany Indebtedness"), any endorser, obligor or any other guarantor of all or any part of the Obligations, or against any of its properties, including, without limitation, claims arising from liens or security interests upon property, shall be subordinate and subject in right of payment to the prior payment, in full and in cash, of all Obligations, provided that, and not in contravention of the foregoing, so long as no Default has occurred and is continuing each Borrower may make loans to and receive payments in the ordinary course with respect to such Intercompany Indebtedness from each such guarantor to the extent permitted by the terms of this Agreement and the other Loan Documents. Should any payment, distribution, security or instrument or proceeds thereof be received by a Borrower upon or with respect to the Intercompany Indebtedness in contravention of this Agreement or the Loan Documents or after the occurrence of a Default, including, without limitation, an event described in Section 8.1(E) or (G), prior to the satisfaction of all of the Obligations (other than contingent indemnity obligations) and the termination of all financing arrangements pursuant to any Loan Document or Hedging Agreement among the Borrowers and the Lenders (and their Affiliates), each Borrower shall receive and hold the same in trust, as trustee, for the benefit of the holders of the Obligations and shall forthwith deliver the same to the Administrative Agent, for the benefit of such Persons, in precisely the form received (except for the endorsement or assignment of the applicable Borrower where necessary), for application to any of the Obligations, due or not due, and, until so delivered, the same shall be held in trust by the applicable Borrower as the property of the holders of the Obligations. If the applicable Borrower fails to make any such endorsement or assignment to the Administrative Agent, the Administrative Agent or any of its officers or employees are irrevocably authorized to make the same. Each Borrower agrees that until the Obligations (other than the contingent indemnity obligations) have been paid in full (in cash) and

satisfied and all financing arrangements pursuant to any Loan Document or Hedging Agreement among the Borrowers and the Lenders (and their Affiliates) have been terminated, such Borrower will not assign or transfer to any Person (other than the Administrative Agent) any claim such Borrower has or may have against any guarantor.

10.15 USA PATRIOT Act. Each Lender hereby notifies the Borrowers that pursuant to the requirements of the PATRIOT Act it is required to obtain, verify and record information that identifies each Borrower, which information includes the name and address of the Borrowers and other information that will allow such Lender to identify the Borrowers in accordance with the PATRIOT Act. Each Borrower shall, promptly following a request by the Administrative Agent or any Lender, provide all documentation and other information that the Administrative Agent or such Lender requests in order to comply with its ongoing obligations under applicable "know your customer" provisions of anti-money laundering rules and regulations, including the PATRIOT Act.

10.16 No Duties Imposed on Co-Syndication Agents, Co-Documentation Agents or Arrangers. None of the Persons identified on the cover page to this Agreement, the signature pages to this Agreement or otherwise in this Agreement as a "Co-Syndication Agent," "Co-Documentation Agent" or "Arranger" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than, if such Person is a Lender, those applicable to all Lenders as such. Without limiting the foregoing, none of the Persons identified on the cover page to this Agreement, the signature pages to this Agreement or otherwise in this Agreement as a "Co-Syndication Agent," "Co-Documentation Agent" or "Arranger" shall have or be deemed to have any fiduciary duty to or fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

10.17 Accounting. Except as provided to the contrary herein, all accounting terms and other applicable definitions, covenants and provisions herein shall be interpreted and all accounting determinations and other applicable calculations hereunder shall be made in accordance with Agreement Accounting Principles. If any changes in generally accepted accounting principles are hereafter required or permitted and are adopted by the Company or any of its Subsidiaries with the agreement of its independent certified public accountants and such changes result in a change in the method of calculation of any of the financial covenants, tests, restrictions or standards herein or in the related definitions or terms used therein ("Accounting Changes"), the parties hereto agree, at the Company's request, to enter into negotiations, in good faith, in order to amend such provisions in a credit neutral manner so as to reflect equitably such changes with the desired result that the criteria for evaluating the Company's and its Subsidiaries' financial condition shall be the same after such changes as if such changes had not been made; provided, however, until such provisions are amended in a manner reasonably satisfactory to the Administrative Agent and the Required Lenders, no Accounting Change shall be given effect in such calculations and all financial reports (excluding in any event financial statements) required to be delivered hereunder shall be prepared in accordance with Agreement Accounting Principles without taking into account such Accounting Changes. In the event such amendment is entered into, all references in this Agreement to Agreement Accounting Principles shall mean generally accepted accounting principles as of the date of such amendment. Notwithstanding the foregoing or any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made,

without giving effect to (i) any election under Accounting Standards Codification 825-10-25 (previously referred to as Statement of Financial Accounting Standards 159) (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of the Company or any of its Subsidiaries at "fair value", as defined therein and (ii) any treatment of Indebtedness in respect of convertible debt instruments under Financial Accounting Standards Board Staff Position APB 14-1 to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof. Notwithstanding anything herein to the contrary, all obligations of any Person that are or would be characterized as operating lease obligations in accordance with Agreement Accounting Principles as in effect on December 14, 2018 (whether or not such operating lease obligations were in effect on such date) shall continue to be accounted for as operating lease obligations (and not Capitalized Lease Obligations) for purposes of the Loan Documents regardless of any change in Agreement Accounting Principles following December 14, 2018 (or any change in the implementation in Agreement Accounting Principles for future periods that are contemplated as of December 14, 2018) that would otherwise require such obligations to be recharacterized (on a prospective or retroactive basis or otherwise) as Capitalized Lease Obligations, and all calculations and deliverables under this Agreement or any other Loan Document shall be made or delivered, as applicable, in accordance with the foregoing.

10.18 **Acknowledgment Regarding Any Supported QFCs.** To the extent that the Loan Documents provide support, through a guarantee or otherwise, for Hedging Agreements or any other agreement or instrument that is a QFC (such support, "**QFC Credit Support**" and each such QFC a "**Supported QFC**"), the parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "**U.S. Special Resolution Regime**") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Loan Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):

(A) In the event a Covered Entity that is party to a Supported QFC (each, a "**Covered Party**") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Loan Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Loan Documents were governed by the laws of the United States or a state of the United States. Without limitation of the foregoing, it is understood and agreed that rights and remedies of the parties with

respect to a Defaulting Lender shall in no event affect the rights of any Covered Party with respect to a Supported QFC or any QFC Credit Support.

(B) As used in this Section 10.18, the following terms have the following meanings:

- (i) "**BHC Act Affiliate**" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.
- (ii) "**Covered Entity**" means any of the following:
 - (a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. §252.82(b);
 - (b) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. §47.3(b); or
 - (c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. §382.2(b).
- (iii) "**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.
- (iv) "**QFC**" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

10.19 **Acknowledgement and Consent to Bail-In of Affected Financial Institutions.** Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any Affected Financial Institution arising under any Loan Document, to the extent such liability is unsecured, may be subject to the Write-Down and Conversion Powers of the applicable Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(A) the application of any Write-Down and Conversion Powers by the applicable Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an Affected Financial Institution; and

(B) the effects of any Bail-In Action on any such liability, including, if applicable:

- (i) a reduction in full or in part or cancellation of any such liability;
- (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such Affected Financial Institution, its parent undertaking, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
- (iii) the variation of the terms of such liability in connection with the exercise of the Write-Down and Conversion Powers of the applicable Resolution Authority.

10.20

Certain ERISA Matters

(A) Each Lender (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, each Arranger and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrowers or any other member of the Obligor Group, that at least one of the following is and will be true:

(i) such Lender is not using "plan assets" (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA or otherwise) of one or more Benefit Plans with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Revolving Loan Commitments or this Agreement;

(ii) the transaction exemption set forth in one or more PTEs, such as PTE 84-14 (a class exemption for certain transactions determined by independent qualified professional asset managers), PTE 95-60 (a class exemption for certain transactions involving insurance company general accounts), PTE 90-1 (a class exemption for certain transactions involving insurance company pooled separate accounts), PTE 91-38 (a class exemption for certain transactions involving bank collective investment funds) or PTE 96-23 (a class exemption for certain transactions determined by in-house asset managers), is applicable with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Revolving Loan Commitments and this Agreement;

(iii) (a) such Lender is an investment fund managed by a "Qualified Professional Asset Manager" (within the meaning of Part VI of PTE 84-14), (b) such Qualified Professional Asset Manager made the investment decision on behalf of such Lender to enter into, participate in, administer and perform the Loans, the Letters of Credit, the Revolving Loan Commitments and this Agreement, (c) the entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Revolving Loan Commitments and this Agreement satisfies the requirements of sub-sections (b) through

(g) of Part I of PTE 84-14 and (d) to the best knowledge of such Lender, the requirements of subsection (a) of Part I of PTE 84-14 are satisfied with respect to such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Revolving Loan Commitments and this Agreement; or

(iv) such other representation, warranty and covenant as may be agreed in writing between the Administrative Agent, in its sole discretion, and such Lender.

(B) In addition, unless either (1) sub-clause (i) in the immediately preceding clause (A) is true with respect to a Lender or (2) a Lender has provided another representation, warranty and covenant in accordance with sub-clause (iv) in the immediately preceding clause (A), such Lender further (x) represents and warrants, as of the date such Person became a Lender party hereto, to, and (y) covenants, from the date such Person became a Lender party hereto to the date such Person ceases being a Lender party hereto, for the benefit of, the Administrative Agent, each Arranger

and their respective Affiliates, and not, for the avoidance of doubt, to or for the benefit of the Borrowers or any other member of the Obligor Group, that none of the Administrative Agent, any Arranger nor any of their respective Affiliates is a fiduciary with respect to the assets of such Lender involved in such Lender's entrance into, participation in, administration of and performance of the Loans, the Letters of Credit, the Revolving Loan Commitments and this Agreement (including in connection with the reservation or exercise of any rights by the Administrative Agent under this Agreement, any Loan Document or any documents related hereto or thereto).

ARTICLE XI: THE ADMINISTRATIVE AGENT

11.1 Appointment; Nature of Relationship. Wells Fargo is appointed by the Lenders as the Administrative Agent hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Administrative Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Administrative Agent agrees to act as such contractual representative upon the express conditions contained in this Article XI. Notwithstanding the use of the defined term "Administrative Agent," it is expressly understood and agreed that the Administrative Agent shall not have any fiduciary responsibilities to any Lender by reason of this Agreement and that the Administrative Agent is merely acting as the representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Administrative Agent (i) does not assume any fiduciary duties to any of the Lenders, (ii) is a "representative" of the Lenders within the meaning of Section 9-102 of the New York Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders, for itself and on behalf of its affiliates, agrees to assert no claim against the Administrative Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Lender waives.

11.2 Powers. The Administrative Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Administrative Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall have no implied duties or fiduciary duties to the Lenders, or any obligation to the Lenders to take any action hereunder or under any of the other Loan Documents except any action specifically provided by the Loan Documents required to be taken by the Administrative Agent.

11.3 General Immunity. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to the Borrowers, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is found in a final judgment by a court of competent jurisdiction to have arisen solely from the gross negligence or willful misconduct of such Person.

11.4 No Responsibility for Loans, Creditworthiness, Recitals, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (i) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (ii) the

performance or observance of any of the covenants or agreements of any obligor under any Loan Document; (iii) the satisfaction of any condition specified in Article V except receipt of items required to be delivered solely to the Administrative Agent; (iv) the existence or possible existence of any Default or (v) the validity, effectiveness or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith. The Administrative Agent shall not be responsible to any Lender for any recitals, statements, representations or warranties herein or in any of the other Loan Documents for the execution, effectiveness, genuineness, validity, legality, enforceability, collectibility, or sufficiency of this Agreement or any of the other Loan Documents or the transactions contemplated thereby, or for the financial condition of any guarantor of any or all of the Obligations, any Borrower or any of its Subsidiaries.

11.5 Action on Instructions of Lenders. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders (or all of the Lenders in the event that and to the extent that this Agreement expressly requires such), and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders and on all owners of Loans. Upon receipt of any such instructions from the Required Lenders (or all of the Lenders in the event that and to the extent that this Agreement expressly requires such), the Administrative Agent shall be permitted to act on behalf of the full principal amount of the Obligations. The Administrative Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

11.6 Employment of Administrative Agent and Counsel. The Administrative Agent may execute any of its duties as the Administrative Agent hereunder and under any other Loan Document by or through employees, agents, and attorney-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Administrative Agent and the Lenders and all matters pertaining to the Administrative Agent's duties hereunder and under any other Loan Document.

11.7 Reliance on Documents; Counsel. The Administrative Agent shall be entitled to rely upon any notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Administrative Agent, which counsel may be employees of the Administrative Agent.

11.8 The Administrative Agent's Reimbursement and Indemnification. The Lenders agree to reimburse and indemnify the Administrative Agent ratably in proportion to its respective Pro Rata Shares (i) for any amounts not reimbursed by the Borrowers for which the Administrative Agent is entitled to reimbursement by the Borrowers under the Loan Documents, (ii) for any other expenses incurred by the Administrative Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents and (iii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or

asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby, or the enforcement of any of the terms thereof or of any such other documents, provided that no Lender shall be liable for any of the foregoing to the extent any of the foregoing is paid or reimbursed by any Borrower or found in a final non-appealable judgment by a court of competent jurisdiction to have arisen solely from the gross negligence or willful misconduct of the Administrative Agent.

11.9 **Rights as a Lender.** With respect to its Revolving Loan Commitment, Loans made by it, and Letters of Credit issued by it, the Administrative Agent shall have the same rights and powers hereunder and under any other Loan Document as any Lender or Issuing Bank and may exercise the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders", "Issuing Bank" or "Issuing Banks" shall, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Company or any of its Subsidiaries in which such Person is not prohibited hereby from engaging with any other Person.

11.10 **Lender Credit Decision.** Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, any Arranger, either Co-Syndication Agent or any other Lender and based on the financial statements prepared by the Company and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, any Arranger, either Co-Syndication Agent or any other Lender based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking the action under this Agreement and the other Loan Documents. Except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Company or any of its Subsidiaries that is communicated to or obtained by the Person serving as Administrative Agent for any of its Affiliates in any capacity.

11.11 **Successor Administrative Agent.** The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Company. Upon any such resignation, the Required Lenders shall have the right to appoint, on behalf of the Borrowers and the Lenders, a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty days after the retiring Administrative Agent's giving notice of resignation, then the retiring Administrative Agent may appoint, on behalf of the Borrowers and the Lenders, a successor Administrative Agent. Notwithstanding anything herein to the contrary, so long as no Default has occurred and is continuing, each such successor Administrative Agent shall be subject to approval by the Company, which approval shall not be unreasonably withheld. Such successor Administrative Agent shall be a Lender and shall be a commercial bank having capital and retained earnings of at least \$500,000,000. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the

retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article XI shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder and under the other Loan Documents. The Administrative Agent may not be removed without its prior written consent.

11.12 No Duties Imposed Upon Arrangers or Agents. No Person identified on the cover page to this Agreement, the signature pages to this Agreement or otherwise in this Agreement as an "Arranger", a "Co-Syndication Agent" or a "Co-Documentation Agent" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than if such Person is a Lender, those applicable to all Lenders as such. Without limiting the foregoing, no Person identified on the cover page to this Agreement, the signature pages to this Agreement or otherwise in this Agreement as an "Arranger", a "Co-Syndication Agent" or a "Co-Documentation Agent" shall have or be deemed to have any fiduciary duty to or fiduciary relationship with any Lender. In addition to the agreement set forth in Section 11.10, each of the Lenders acknowledges that it has not relied, and will not rely, on any Person so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

11.13 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Unmatured Default hereunder unless the Administrative Agent has received written notice from a Lender or the Company referring to this Agreement describing such Default or Unmatured Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders.

11.14 Delegation to Affiliates. The Borrowers and the Lenders agree that the Administrative Agent may delegate any of its duties under this Agreement to any of its Affiliates. Any such Affiliate (and such Affiliate's directors, officers, agents, and employees) which performs duties in connection with this Agreement shall be entitled to the same benefits of the indemnification, waiver and other protective provisions to which the Administrative Agent is entitled under terms of this Agreement.

11.15 Intercreditor Agreement and Subsidiary Guaranties. Each Lender authorizes the Administrative Agent to enter into and remain subject to each of the Intercreditor Agreement, the Domestic Subsidiary Guaranty and the Foreign Subsidiary Guaranty on behalf and for the benefit of such Lender and to take all actions contemplated by such documents, including, without limitation, all enforcement actions. Each Lender agrees to be bound by the terms and conditions of the Intercreditor Agreement.

11.16 Erroneous Payments.

(a) Each Lender, each Issuing Bank and any other party hereto hereby severally agrees that if (i) the Administrative Agent notifies (which such notice shall be conclusive absent manifest error) such Lender or Issuing Bank or any other Person that has received funds from the Administrative Agent or any of its Affiliates, either for its own account or on behalf of a Lender or Issuing Bank (each such recipient, a "Payment Recipient") that the Administrative Agent has

determined in its reasonable discretion that any funds received by such Payment Recipient were erroneously transmitted to, or otherwise erroneously or mistakenly received by, such Payment Recipient (whether or not known to such Payment Recipient) or (ii) any Payment Recipient receives any payment from the Administrative Agent (or any of its Affiliates) (x) that is in a different amount than, or on a different date from, that specified in a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, (y) that was not preceded or accompanied by a notice of payment, prepayment or repayment sent by the Administrative Agent (or any of its Affiliates) with respect to such payment, prepayment or repayment, as applicable, or (z) that such Payment Recipient otherwise becomes aware was transmitted or received in error or by mistake (in whole or in part) then, in each case, an error in payment shall be presumed to have been made (any such amounts specified in clauses (i) or (ii) of this Section 11.16(a), whether received as a payment, prepayment or repayment of principal, interest, fees, distribution or otherwise; individually and collectively, an "Erroneous Payment"), then, in each case, such Payment Recipient is deemed to have knowledge of such error at the time of its receipt of such Erroneous Payment; provided that nothing in this Section shall require the Administrative Agent to provide any of the notices specified in clauses (i) or (ii) above. Each Payment Recipient agrees that it shall not assert any right or claim to any Erroneous Payment, and hereby waives any claim, counterclaim, defense or right of set-off or recoupment with respect to any demand, claim or counterclaim by the Administrative Agent for the return of any Erroneous Payments, including without limitation waiver of any defense based on "discharge for value" or any similar doctrine.

(b) Without limiting the immediately preceding clause (a), each Payment Recipient agrees that, in the case of clause (a)(ii) above, it shall promptly notify the Administrative Agent in writing of such occurrence.

(c) In the case of either clause (a)(i) or (a)(ii) above, such Erroneous Payment shall at all times remain the property of the Administrative Agent and shall be segregated by the Payment Recipient and held in trust for the benefit of the Administrative Agent, and upon demand from the Administrative Agent such Payment Recipient shall (or, shall cause any Person who received any portion of an Erroneous Payment on its behalf to), promptly, but in all events no later than one Business Day thereafter, return to the Administrative Agent the amount of any such Erroneous Payment (or portion thereof) as to which such a demand was made in same day funds and in the currency so received, together with interest thereon in respect of each day from and including the date such Erroneous Payment (or portion thereof) was received by such Payment Recipient to the date such amount is repaid to the Administrative Agent at the Overnight Rate.

(d) In the event that an Erroneous Payment (or portion thereof) is not recovered by the Administrative Agent for any reason, after demand therefor by the Administrative Agent in accordance with immediately preceding clause (c), from any Lender that is a Payment Recipient or an Affiliate of a Payment Recipient (such unrecovered amount as to such Lender, an "Erroneous Payment Return Deficiency"), then at the reasonable discretion of the Administrative Agent and upon the Administrative Agent's written notice to such Lender (i) such Lender shall be deemed to have made a cashless assignment of the full face amount of the portion of its Loans (but not its Revolving Loan Commitments) to the Administrative Agent or, at the option of the Administrative Agent, the Administrative Agent's applicable lending affiliate in an amount that is equal to the Erroneous Payment Return Deficiency (or such lesser amount as the

Administrative Agent may specify) (such assignment of the Loans (but not Revolving Loan Commitments), the "Erroneous Payment Deficiency Assignment") plus any accrued and unpaid interest on such assigned amount, without further consent or approval of any party hereto and without any payment by the Administrative Agent or its applicable lending affiliate as the assignee of such Erroneous Payment Deficiency Assignment. The parties hereto acknowledge and agree that (1) any assignment contemplated in this clause (d) shall be made without any requirement for any payment or other consideration paid by the applicable assignee or received by the assignor, (2) the provisions of this clause (d) shall govern in the event of any conflict with the terms and conditions of Section 13.3 and (3) the Administrative Agent may reflect such assignments in the Register without further consent or action by any other Person.

(c) Each party hereto hereby agrees that (x) in the event an Erroneous Payment (or portion thereof) is not recovered from any Payment Recipient that has received such Erroneous Payment (or portion thereof) for any reason, the Administrative Agent (1) shall be subrogated to all the rights of such Payment Recipient with respect to such amount and (2) is authorized to set off, net and apply any and all amounts at any time owing to such Payment Recipient under any Loan Document, or otherwise payable or distributable by the Administrative Agent to such Payment Recipient from any source, against any amount due to the Administrative Agent under this Section 11.16 or under the indemnification provisions of this Agreement, (y) the receipt of an Erroneous Payment by a Payment Recipient shall not for the purpose of this Agreement be treated as a payment, prepayment, repayment, discharge or other satisfaction of any Obligations owed by any Borrower or any other Obligor Group, except, in each case, to the extent such Erroneous Payment is, and solely with respect to the amount of such Erroneous Payment that is, comprised of funds received by the Administrative Agent from any Borrower or any other Obligor Group for the purpose of making a payment on the Obligations and (z) to the extent that an Erroneous Payment was in any way or at any time credited as payment or satisfaction of any of the Obligations, the Obligations or any part thereof that were so credited, and all rights of the Payment Recipient, as the case may be, shall be reinstated and continue in full force and effect as if such payment or satisfaction had never been received.

(f) Each party's obligations under this Section 11.16 shall survive the resignation or replacement of the Administrative Agent or any transfer of right or obligations by, or the replacement of, a Lender, the termination of the Revolving Loan Commitments or the repayment, satisfaction or discharge of all Obligations (or any portion thereof) under any Loan Document.

(g) Nothing in this Section 11.16 will constitute a waiver or release of any claim of the Administrative Agent hereunder arising from any Payment Recipient's receipt of an Erroneous Payment.

ARTICLE XII: SETOFF; RATABLE PAYMENTS

12.1 **Setoff.** In addition to, and without limitation of, any rights of the Lenders under applicable law, if any Default occurs and is continuing, any Indebtedness from any Lender to any Borrower (including all account balances, whether provisional or final and whether or not collected or available) may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part hereof, shall then be due.

12.2 Ratable Payments; Failure to Fund. (A) If any Lender, whether by setoff or otherwise, has payment made to it upon its Loans (other than payments received pursuant to Sections 2.14(E), 4.1, 4.2, or 4.4) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Loans held by the other Lenders so that after such purchase each Lender will hold its ratable proportion of Loans. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligations or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to the obligations owing to them. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

(B) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.2(D), 2.17, 3.6, 3.7 or 11.8, then the Administrative Agent may, in its discretion and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender for the benefit of the Administrative Agent, the Swing Line Bank or an Issuing Bank to satisfy such Lender's obligations to it under such Section until all such unsatisfied obligations are fully paid, and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender under any such Section, in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

12.3 Application of Payments. If any Borrower, prior to the occurrence of a Default, has remitted a payment to the Administrative Agent or any Lender without indicating the Obligation to be reduced thereby, or at any time after the occurrence of a Default, subject to the provisions of Section 9.2, the Administrative Agent shall, unless otherwise specified at the direction of the Required Lenders which direction shall be consistent with the last sentence of this Section 12.3, apply all payments and prepayments in respect of any Obligations in the following order:

(A) first, to pay interest on and then principal of any portion of the Loans which the Administrative Agent may have advanced on behalf of any Lender for which the Administrative Agent has not then been reimbursed by such Lender or any Borrower;

(B) second, to pay Obligations in respect of any fees, expenses, reimbursements or indemnities then due to the Administrative Agent;

(C) third, to pay Obligations in respect of any fees, expenses, reimbursements or indemnities then due to the Lenders and the issuer(s) of Letters of Credit;

(D) fourth, to pay interest due in respect of Swing Line Loans;

(E) fifth, to pay interest due in respect of Loans (other than Swing Line Loans and L/C Obligations);

(F) sixth, to the ratable payment or prepayment of principal outstanding on Swing Line Loans;

- (G) seventh, to the ratable payment or prepayment of principal outstanding on Loans (other than Swing Line Loans), Reimbursement Obligations and Hedging Obligations;
- (H) eighth, to provide required cash collateral, if required pursuant to Section 3.11; and
- (I) ninth, to the ratable payment of all other Obligations.

Unless otherwise designated (which designation shall only be applicable prior to the occurrence of a Default) by the applicable Borrower, all principal payments in respect of Loans (other than Swing Line Loans) shall be applied first, to repay outstanding Floating Rate Loans and Daily Simple RFR Loans, and then to repay outstanding Eurocurrency Rate Loans and Term RFR Loans with those Eurocurrency Rate Loans and Term RFR Loans which have earlier expiring Interest Periods being repaid prior to those which have later expiring Interest Periods. The order of priority set forth in this Section 12.3 and the related provisions of this Agreement are set forth solely to determine the rights and priorities of the Administrative Agent, the Lenders, the Swing Line Bank and the issuer(s) of Letters of Credit as among themselves. Upon written notice to the Borrowers, the order of priority set forth in clauses (C) through (I) of this Section 12.3 may at any time and from time to time be changed by the Required Lenders without consent of or approval by the Company, or any other Person; provided, that the order of priority of payments in respect of Swing Line Loans may be changed only with the prior written consent of the Swing Line Bank. The order of priority set forth in clauses (A) and (B) of this Section 12.3 may be changed only with the prior written consent of the Administrative Agent.

12.4 Relations Among Lenders

(A) Except with respect to the exercise of set-off rights of any Lender in accordance with Section 12.1, the proceeds of which are applied in accordance with this Agreement, and except as set forth in the following sentence, each Lender agrees that it will not take any action, nor institute any actions or proceedings, against the Company or any other obligor hereunder or with respect to any Loan Document, without the prior written consent of the Required Lenders or, as may be provided in this Agreement or the other Loan Documents, at the direction of the Administrative Agent.

(B) The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender. The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce the payment of the principal of and interest on any Loan after the date such principal or interest has become due and payable pursuant to the terms of this Agreement.

ARTICLE XIII: BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

13.1 Successors and Assigns: Designated Lenders

(A) Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrowers, the Administrative Agent and the Lenders and their respective successors and assigns permitted hereby, except that (i) none of the Borrowers shall have the right to assign its rights or obligations under the Loan Documents without the prior

written consent of each Lender, (ii) any assignment by any Lender must be made in compliance with Section 13.3 and (iii) any transfer by Participants must be made in compliance with Section 13.2. Any attempted assignment or transfer by any party not made in compliance with this Section 13.1 or Section 13.3 shall be null and void, unless such attempted assignment or transfer is treated as a participation in accordance with Section 13.2. The parties to this Agreement acknowledge that clause (ii) of this Section 13.1 relates only to absolute assignments and this Section 13.1 does not prohibit assignments creating security interests, including, without limitation, (x) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any promissory note issued hereunder to a Federal Reserve Bank, (y) in the case of a Lender which is a Fund, any pledge or assignment of all or any portion of its rights under this Agreement and any promissory note issued hereunder to its trustee in support of its obligations to its trustee or (z) any pledge or assignment by any Lender of all or any portion of its rights under this Agreement and any promissory note issued hereunder to direct or indirect contractual counterparties in interest rate swap agreements relating to the Loans, but in all cases excluding credit default swaps; *provided, however*, that no such pledge or assignment creating a security interest shall release the transferor Lender from its obligations hereunder unless and until the parties thereto have complied with the provisions of Section 13.2. The Administrative Agent may treat the Person which made any Revolving Loan or which holds any promissory note issued hereunder as the owner thereof for all purposes hereof unless and until such Person complies with Section 13.3; *provided, however*, that the Administrative Agent may in its discretion (but shall not be required to) follow instructions from the Person which made any Revolving Loan or which holds any promissory note issued hereunder to direct payments relating to such Revolving Loan or promissory note issued hereunder to another Person. Any assignee of the rights to any Revolving Loan or any promissory note issued hereunder agrees by acceptance of such assignment to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of the rights to any Loan (whether or not a promissory note has been issued hereunder in evidence thereof), shall be conclusive and binding on any subsequent holder or assignee of the rights to such Loan.

(B) Designated Lenders

(i) Subject to the terms and conditions set forth in this Section 13.1(B), any Lender may from time to time elect to designate an Eligible Designee to provide all or any part of the Loans to be made by such Lender pursuant to this Agreement; *provided* that the designation of an Eligible Designee by any Lender for purposes of this Section 13.1(B) shall be subject to the approval of the Administrative Agent (which consent shall not be unreasonably withheld or delayed). Upon the execution by the parties to each such designation of an agreement in the form of Exhibit L hereto (a "Designation Agreement") and the acceptance thereof by the Administrative Agent, the Eligible Designee shall become a Designated Lender for purposes of this Agreement. The Designating Lender shall thereafter have the right to permit the Designated Lender to provide all or a portion of the Loans to be made by the Designating Lender pursuant to the terms of this Agreement and the making of the Loans or portion thereof shall satisfy the obligations of the Designating Lender to the same extent, and as if, such Loan was made by the Designating Lender. As to any Loan made by it, each Designated Lender shall have all the rights a Lender making such Loan would have under this Agreement and otherwise; *provided*, (x) that all voting rights under this Agreement shall be exercised solely by the Designating

Lender, (y) each Designating Lender shall remain solely responsible to the other parties hereto for its obligations under this Agreement, including the obligations of a Lender in respect of Loans made by its Designated Lender and (z) no Designated Lender shall be entitled to reimbursement under Article IV hereof for any amount which would exceed the amount that would have been payable by the applicable Borrower to the Lender from which the Designated Lender obtained any interests hereunder. No additional promissory notes shall be required to be issued hereunder with respect to Loans provided by a Designated Lender; provided, however, to the extent any Designated Lender shall advance funds, the Designating Lender shall be deemed to hold the promissory notes issued hereunder in its possession as an administrative agent for such Designated Lender to the extent of the Loan funded by such Designated Lender. Such Designating Lender shall act as an administrative agent for its Designated Lender and give and receive notices and communications hereunder. Any payments for the account of any Designated Lender shall be paid to its Designating Lender as administrative agent for such Designated Lender and neither the Borrowers nor the Administrative Agent shall be responsible for any Designating Lender's application of such payments. In addition, any Designated Lender may (1) with notice to, but without the consent of the Borrowers or the Administrative Agent, assign all or portions of its interests in any Loans to its Designating Lender or to any financial institution consented to by the Administrative Agent providing liquidity and/or credit facilities to or for the account of such Designated Lender and (2) subject to advising any such Person that such information is to be treated as confidential in accordance with Section 13.4, disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any guarantee, surety or credit or liquidity enhancement to such Designated Lender.

(ii) Each party to this Agreement hereby agrees that it shall not institute against, or join any other Person in instituting against, any Designated Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding or other proceedings under any federal or state bankruptcy or similar law for one year and a day after the payment in full of all outstanding senior indebtedness of any Designated Lender; provided that the Designating Lender for each Designated Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage and expense arising out of its inability to institute any such proceeding against such Designated Lender. This Section 13.1(f) shall survive the termination of this Agreement.

13.2 Participations.

(A) Permitted Participants. Effect. Any Lender may at any time sell to one or more banks or other entities other than Defaulting Lenders (such banks or other entities, "Participants") participating interests in any Revolving Credit Obligations of such Lender, any promissory note issued hereunder held by such Lender, any Revolving Loan Commitment of such Lender or any other interest of such Lender under the Loan Documents. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of its Revolving Credit Obligations and the holder of any promissory note issued to it hereunder in evidence thereof for all purposes under the Loan Documents, all amounts payable by the Borrowers under this

Agreement shall be determined as if such Lender had not sold such participating interests, and the Borrowers and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents.

(B) Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Loan or Revolving Loan Commitment in which such Participant has an interest which would require consent of all of the Lenders pursuant to the terms of Section 9.3.

(C) Benefit of Certain Provisions. Each Borrower agrees that each Participant shall be deemed to have the right of setoff provided in Section 12.1 in respect of its participating interest in amounts owing under the Loan Documents to the same extent as if the amount of its participating interest were owing directly to it as a Lender under the Loan Documents, provided that each Lender shall retain the right of setoff provided in Section 12.1 with respect to the amount of participating interests sold to each Participant. The Lenders agree to share with each Participant, and each Participant, by exercising the right of setoff provided in Section 12.1, agrees to share with each Lender, any amount received pursuant to the exercise of its right of setoff, such amounts to be shared in accordance with Section 12.2 as if each Participant were a Lender. Each Borrower further agrees that each Participant shall be entitled to the benefits of Article IV and Section 2.14(E) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Section 13.3, provided that (i) a Participant shall not be entitled to receive any greater payment under Article IV or Section 2.14(E) than the Lender who sold the participating interest to such Participant would have received had it retained such interest for its own account, unless the sale of such interest to such Participant is made with the prior written consent of the applicable Borrower, and (ii) any Participant not incorporated under the laws of the United States of America or any State thereof agrees to comply with the provisions of Article IV and Section 2.14(E) to the same extent as if it were a Lender.

13.3

Assignments

(A) Permitted Assignments. Any Lender may at any time assign to one or more banks or other entities (but not natural persons, Defaulting Lenders or the Company or any Affiliate of the Company) ("Purchasers") all or any part of its rights and obligations under the Loan Documents. Such assignment shall be evidenced by an agreement substantially in the form of Exhibit D or in such other form as may be agreed to by the parties thereto (each such agreement, an "Assignment Agreement"). Each such assignment with respect to a Purchaser which is not a Lender or an Affiliate of a Lender or an Approved Fund shall, unless otherwise consented to in writing by the applicable Borrower and the Administrative Agent, either be in an amount equal to the entire applicable Revolving Credit Obligations of the assigning Lender or (unless each of the applicable Borrower and the Administrative Agent otherwise consents) be in an aggregate amount not less than \$5,000,000. The amount of the assignment shall be based on the Revolving Credit Obligations subject to the assignment, determined as of the date of such assignment or as of the "Trade Date," if the "Trade Date" is specified in the Assignment Agreement.

(B) Consents. The consent of the applicable Borrower shall be required prior to an assignment becoming effective unless the Purchaser is a Lender, an Affiliate of a Lender or an

Approved Fund; provided that the consent of the applicable Borrower shall not be required if a Default has occurred and is continuing; provided further, that the Borrowers shall be deemed to have consented to any such assignment unless they shall object thereto by written notice to the Administrative Agent within ten (10) Business Days after having received written notice thereof. The consent of each Issuing Bank shall be required prior to an assignment becoming effective. The consent of the Administrative Agent shall be required prior to an assignment becoming effective. Any consent required under this Section 13.3(B) shall not be unreasonably withheld, conditioned or delayed.

(C) Effect, Effective Date. Upon (i) delivery to the Administrative Agent of an Assignment Agreement, together with any consents required by Sections 13.3(A) and 13.3(B), and (ii) payment of a \$3,500 fee to the Administrative Agent for processing such assignment (unless such fee is waived by the Administrative Agent or unless such assignment is made to such assigning Lender's Affiliate), such assignment shall become effective on the effective date specified in such assignment. The Assignment Agreement shall contain a representation and warranty by the Purchaser to the effect that none of the funds, money, assets or other consideration used to make the purchase and assumption of the Revolving Loan Commitment and Revolving Credit Obligations under the applicable Assignment Agreement constitutes "plan assets" as defined under ERISA and that the rights, benefits and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser shall for all purposes be a Lender party to this Agreement and any other Loan Document executed by or on behalf of the Lenders and shall have all the rights, benefits and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party thereto, and the transferor Lender shall be released with respect to the Revolving Credit Obligations assigned to such Purchaser without any further consent or action by the Borrowers, the Lenders or the Administrative Agent. In the case of an assignment covering all of the assigning Lender's rights, benefits and obligations under this Agreement, such Lender shall cease to be a Lender hereunder but shall continue to be entitled to the benefits of, and subject to, those provisions of this Agreement and the other Loan Documents which survive payment of the Obligations and termination of the Loan Documents. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 13.3 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Section 13.2. Upon the consummation of any assignment to a Purchaser pursuant to this Section 13.3(C), the transferor Lender, the Administrative Agent and the applicable Borrower shall, at no additional cost to the applicable Borrower, and, if the transferor Lender or the Purchaser desires that its Loans be evidenced by promissory notes, make appropriate arrangements so that, upon cancellation and surrender to the applicable Borrower of the previously issued promissory notes (if any) held by the transferor Lender, new promissory notes issued hereunder or, as appropriate, replacement promissory notes are issued to such transferor Lender, if applicable, and new promissory notes or, as appropriate, replacement promissory notes, are issued to such Purchaser, in each case in principal amounts reflecting their respective Revolving Loan Commitments (or, if the Revolving Loan Termination Date has occurred, their respective Revolving Credit Obligations), as adjusted pursuant to such assignment.

(D) The Register. The Administrative Agent, acting solely for this purpose as an agent of each Borrower (and each Borrower hereby designates the Administrative Agent to act in such capacity), shall maintain at one of its offices a copy of each Assignment Agreement delivered to

it and a register (the "Register") for the recordation of the names and addresses of the Lenders, and the Revolving Loan Commitments of, and principal amounts of and interest on the Loans owing to, each Lender pursuant to the terms hereof from time to time and whether such Lender is an original Lender or assignee of another Lender pursuant to an assignment under this Section 13.3. The entries in the Register shall be conclusive, and Borrowers, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by any Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

13.4 Dissemination of Information. Each Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the creditworthiness of such Borrower and its Subsidiaries, provided, that each Transferee and prospective Transferee agrees to be bound by Section 10.9 of this Agreement.

13.5 Tax Certifications. If any interest in any Loan Document is transferred to any Transferee which is not incorporated under the laws of the United States or any State thereof, the transferor Lender shall cause such Transferee, concurrently with the effectiveness of such transfer, to comply with the provisions of Section 2.14(E).

ARTICLE XIV: NOTICES

14.1 Giving Notice. Except as otherwise permitted by Section 2.13 with respect to Borrowing/Election Notices, all notices and other communications provided to any party hereto under this Agreement or any other Loan Documents shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier as follows:

- (i) if to any Borrower or any Subsidiary Guarantor, at the Company's address or telecopier number set forth on the signature page hereof;
- (ii) if to the Administrative Agent, at its address or telecopier number set forth on the signature page hereof, provided, however, that all notices relating to Loans (but not any notices relating to Letters of Credit) shall also be delivered to:

Wells Fargo Bank, N.A. 1525 West W.T. Harris Blvd Charlotte,
NC 28262
Attn: Agency Services Agencyrequests@wellsfargo.com

- (iii) if to an Issuing Bank, at its address or telecopier number set forth on the signature page hereof; and

(iv) if to a Lender, to it at its address (or telecopier number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic communications to the extent provided in Section 14.2 below, shall be effective as provided in said Section 14.3.

14.2 Change of Address. Each of the Company and the Administrative Agent may change the address for service of notice upon it by a notice in writing to the other parties hereto, including, without limitation, each Lender. Each Lender may change the address for service of notice upon it by a notice in writing to the Company and the Administrative Agent.

14.3 Electronic Communication. Notices and other communications to the Lenders and the Issuing Banks hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent. The Administrative Agent or the Company may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes,

(i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause

(i) of notification that such notice or communication is available and identifying the website address therefor, provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice, email or other communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

ARTICLE XV: COUNTERPARTS; ELECTRONIC EXECUTION

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by each Borrower, the Administrative Agent and the Lenders and each party has notified the Administrative Agent by telephone, that it has taken such action. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Agreement.

The words "execute," "execution," "signed," "signature," "delivery" and words of like import in or related to this Agreement, any other Loan Document or any document, amendment, approval, consent, waiver, modification, information, notice, certificate, report, statement, disclosure, or authorization to be signed or delivered in connection with this Agreement or any

other Loan Document or the transactions contemplated hereby shall be deemed to include Electronic Signatures or execution in the form of an Electronic Record, and contract formations on electronic platforms approved by the Administrative Agent, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act. Each party hereto agrees that any Electronic Signature or execution in the form of an Electronic Record shall be valid and binding on itself and each of the other parties hereto to the same extent as a manual, original signature. For the avoidance of doubt, the authorization under this paragraph may include, without limitation, use or acceptance by the parties of a manually signed paper which has been converted into electronic form (such as scanned into PDF format), or an electronically signed paper converted into another format, for transmission, delivery and/or retention. Notwithstanding anything contained herein to the contrary, the Administrative Agent is under no obligation to accept an Electronic Signature in any form or in any format unless expressly agreed to by the Administrative Agent pursuant to procedures approved by it, provided that without limiting the foregoing, (i) to the extent the Administrative Agent has agreed to accept such Electronic Signature from any party hereto, the Administrative Agent and the other parties hereto shall be entitled to rely on any such Electronic Signature purportedly given by or on behalf of the executing party without further verification and (ii) upon the request of the Administrative Agent or any Lender, any Electronic Signature shall be promptly followed by an original manually executed counterpart thereof. Without limiting the generality of the foregoing, each party hereto hereby (A) agrees that, for all purposes, including without limitation, in connection with any workout, restructuring, enforcement of remedies, bankruptcy proceedings or litigation among the Administrative Agent, the Lenders and any of the Credit Parties, electronic images of this Agreement or any other Loan Document (in each case, including with respect to any signature pages thereto) shall have the same legal effect, validity and enforceability as any paper original, and (B) waives any argument, defense or right to contest the validity or enforceability of the Loan Documents based solely on the lack of paper original copies of any Loan Documents, including with respect to any signature pages thereto.

ARTICLE XVI: CROSS GUARANTEE

16.1 **Guarantee.** In order to induce the Lenders to extend credit to the other Borrowers hereunder, but subject to the last paragraph of this Section 16.1, each Borrower hereby irrevocably and unconditionally guarantees, as a primary obligor and not merely as a surety, the payment when and as due of the Obligations of such other Borrowers. Each Borrower further agrees that the due and punctual payment of such Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee hereunder notwithstanding any such extension or renewal of any such Obligation.

Each Borrower hereby waives presentment to, demand of payment from and protest to any Borrower of any of the Obligations, and also waives notice of acceptance of its obligations and notice of protest for nonpayment. The obligations of each Borrower hereunder shall not be affected by: (a) the failure of the Administrative Agent, the Issuing Bank or any Lender to assert any claim or demand or to enforce any right or remedy against any Borrower under the provisions of this

Agreement, any other Loan Document or otherwise; (b) any extension or renewal of any of the Obligations; (c) any rescission, waiver, amendment or modification of, or release from, any of the terms or provisions of this Agreement, or any other Loan Document or agreement; (d) any default, failure or delay, willful or otherwise, in the performance of any of the Obligations; (e) the failure of the Administrative Agent to take any steps to perfect and maintain any security interest in, or to preserve any rights to, any security or collateral for the Obligations, if any; (f) any change in the corporate, partnership or other existence, structure or ownership of any Borrower or any other guarantor of any of the Obligations; (g) the enforceability or validity of the Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to any collateral securing the Obligations or any part thereof, or any other invalidity or unenforceability relating to or against any Borrower or any other guarantor of any of the Obligations, for any reason related to this Agreement, any Hedging Agreement, any other Loan Document, or any provision of applicable law, decree, order or regulation of any jurisdiction purporting to prohibit the payment by such Borrower or any other guarantor of the Obligations, of any of the Obligations or otherwise affecting any term of any of the Obligations; or (h) any other act, omission or delay to do any other act which may or might in any manner or to any extent vary the risk of such Borrower or otherwise operate as a discharge of a guarantor as a matter of law or equity or which would impair or eliminate any right of such Borrower to subrogation.

Each Borrower further agrees that its agreement hereunder constitutes a guarantee of payment when due (whether or not any bankruptcy or similar proceeding shall have stayed the accrual or collection of any of the Obligations or operated as a discharge thereof) and not merely of collection, and waives any right to require that any resort be had by the Administrative Agent, the Issuing Bank or any Lender to any balance of any deposit account or credit on the books of the Administrative Agent, the Issuing Bank or any Lender in favor of any Borrower or any other Person.

The obligations of each Borrower hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever, by reason of the invalidity, illegality or unenforceability of any of the Obligations, any impossibility in the performance of any of the Obligations or otherwise.

Each Borrower further agrees that its obligations hereunder shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation (including a payment effected through exercise of a right of setoff) is rescinded or must otherwise be restored by the Administrative Agent, the Issuing Bank or any Lender upon the bankruptcy or reorganization of any Borrower or otherwise (including pursuant to any settlement entered into by a holder of the Obligations in its discretion).

In furtherance of the foregoing and not in limitation of any other right which the Administrative Agent, the Issuing Bank or any Lender may have at law or in equity against the Company by virtue hereof, upon the failure of any other Borrower to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Borrower hereby promises to and will, upon receipt of written demand by the Administrative Agent, the Issuing Bank or any Lender, forthwith pay, or cause to be paid, to the Administrative Agent, the Issuing Bank or any Lender in cash an amount equal to the unpaid

principal amount of such Obligations then due, together with accrued and unpaid interest thereon. Each Borrower further agrees that if payment in respect of any Obligation shall be due in a currency other than Dollars and/or at a place of payment other than New York, Chicago or any other Eurocurrency/RFR Payment Office and if, by reason of any Change in Law, disruption of currency or foreign exchange markets, war or civil disturbance or other event, payment of such Obligation in such currency or at such place of payment shall be impossible or, in the reasonable judgment of the Administrative Agent, the Issuing Bank or any Lender, disadvantageous to the Administrative Agent, the Issuing Bank or any Lender in any material respect, then, at the election of the Administrative Agent, such Borrower shall make payment of such Obligation in Dollars (based upon the applicable Equivalent Amount in effect on the date of payment) and/or in New York, Chicago or such other Eurocurrency/RFR Payment Office as is designated by the Administrative Agent and, as a separate and independent obligation, shall indemnify the Administrative Agent, the Issuing Bank and any Lender against any losses or reasonable out-of-pocket expenses that it shall sustain as a result of such alternative payment.

Upon payment by any Borrower of any sums as provided above, all rights of such Borrower against any Borrower arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinated and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations owed by such Borrower to the Administrative Agent, the Issuing Bank and the Lenders.

Nothing shall discharge or satisfy the liability of any Borrower hereunder except the full performance and payment of the Obligations.

Each Borrower hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Obligor Group to honor all of its obligations under this [Section 16.1](#) or the Domestic Subsidiary Guaranty or Foreign Subsidiary Guaranty, as applicable, in respect of Hedging Obligations (provided, however, that each Borrower shall only be liable under this paragraph for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this paragraph or otherwise under this [Section 16.1](#) voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). Each Borrower intends that this paragraph constitute, and this paragraph shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

Notwithstanding anything contained in this [Section 16.1](#) to the contrary, no Foreign Subsidiary Borrower shall be liable hereunder for any of the Loans made to, or any other Obligation incurred solely by or on behalf of, the Company or any Domestic Subsidiary Borrower. The parties agree that no German Obligor shall be liable for any obligations, guarantees, indemnities, fees, costs or other Obligations other than in relation to Loans directly made to it and in particular, nothing in this [Section 16.1](#) shall constitute a guarantee by a German Obligor.

16.2 [Limitation on Enforcement](#). The enforcement of the guarantee granted by any German Obligor pursuant to this [Article XVI](#) (the "[Guaranty](#)") will be limited in accordance with the following:

(A) If this Guaranty is enforced

- (i) with respect to amounts which correspond to funds that have been borrowed under the Loan Documents and have been on-lent to, or otherwise been passed on (unless it has been passed on in a way where repayment or enforcement would not affect section 30, 31 German GmbH-Act (*GmbH-Gesetz*) (the "**GmbH-Act**")) to, the relevant German Obligor or any of its subsidiaries to the extent that such amounts have not been repaid and are outstanding at the date the Guaranty is enforced; and/or
- (ii) at any time when a domination and profit and loss transfer agreement (in accordance with section 291 of the German Stock Corporation Act (*Aktiengesetz*)) (*Beherrschungs- und Gewinnabführungsvertrag*) is or becomes effective between the German Obligor and any direct or indirect shareholder of the German Obligor or a subsidiary of such shareholder as dominating entity (*beherrschendes Unternehmen*) and, to the extent required to prevent a conflict with section 30, 31 German GmbH-Act, a valuable counterclaim exists (*werthaltiger Anspruch*); (the amounts with respect to which enforcement is sought under the conditions described in clauses (i) and/or (ii) being hereinafter referred to collectively as the "**Unlimited Enforcement Amount**"),

the enforcement of the Guaranty of the relevant German Obligor shall be unlimited.

(B) To the extent that the enforcement of the Guaranty is made in respect of amounts other than of the Unlimited Enforcement Amount and the relevant German Obligor demonstrates that an unrestricted enforcement of the Guaranty has the effect of:

- (i) reducing such Guarantor's net assets (*Nettovermögen*) (the "**Net Assets**") to an amount less than its stated share capital (*Stammkapital*), or
- (ii) (if its Net Assets are already lower than its stated share capital) causing such amount to be further reduced,

and thereby affects its assets which are required for the obligatory preservation of its stated share capital according to §§ 30, 31 German GmbH-Act ("**Limitation on Enforcement**" or "**Limitation Exent**"), the Administrative Agent shall only be entitled to enforce the Guaranty and to claim any payment under the Guaranty in excess of the Unlimited Enforcement Amount in respect of the Obligations up to an amount which corresponds to the amount by which the Net Assets of the relevant German Obligor (determined in accordance with sub-paragraph (c) below) exceed the amount which is necessary to preserve the stated share capital of the relevant German Obligor.

(C) The value of the Net Assets shall be determined in accordance with the provisions of the German Commercial Act (*Handelsgesetzbuch*, "**HGB**") consistently applied by the respective Guarantor in preparing its unconsolidated balance sheets (*Jahresabschluss*) according to § 42 GmbH-Act, §§ 242, 264 HGB) in the previous years, save that:

- (i) the amount of any increase of the stated share capital (*Stammkapital*) of the relevant German Obligor (A) made from retained earnings (*aus Gesellschaftsmitteln*), or (B) made by way of contributions in kind (*gegen Sacheinlagen*), registered after the date of this Agreement without the prior written consent of the Administrative Agent shall be deducted from the relevant stated share capital;
- (ii) deducting (A) any amount of profits (*Gewinne*) not available for distribution to the shareholders (*Ausschüttungssperre*) and (B) provisions for expense (*Aufwandsrückstellungen*) according to 249 para. 1, sent. 2 no. 1 HGB;
- (iii) loans and other liabilities incurred in violation of the provisions of any Loan Document shall be disregarded (unless the relevant director demonstrates that such violation was neither negligent nor willful), and
- (iv) loans provided to the relevant German Obligor by any member of the group shall not be taken into account as liabilities as far as such loans are subordinated by law or by contract at least to the claims of the unsubordinated creditors of such relevant Guarantor, unless a waiver, the contribution of such liability into the capital reserves of the German Guarantor or any other way of extinguishing the relevant liability (including by way of deep subordination) would violate mandatory legal restrictions applicable to the relevant creditor of such liability.

(D) The Limitation on Enforcement shall only apply if and to the extent that (i) the managing director(s) (*Geschäftsführer*) on behalf of the relevant German Obligor have notified and confirmed in writing to the Administrative Agent within 10 Business Days following a demand under the Guaranty that and to what extent an unrestricted enforcement of the Guaranty would lead to the occurrence of a Limitation Event (the "**Management Determination**").

(E) If the Administrative Agent disagrees with the Management Determination, the Administrative Agent shall nevertheless be entitled to enforce the Guaranty with respect to the Unlimited Enforcement Amount and all additional amounts which are undisputed between itself and the relevant German Obligor in accordance with the provisions of paragraph (d) above. In relation to the amount which is disputed, the Administrative Agent and the relevant German Obligor shall instruct a firm of auditors of international standing and reputation to determine within 40 calendar days (or such longer period as has been agreed between the relevant German Obligor and the Administrative Agent) from the date the Administrative Agent has contested the Management Determination the amount of the relevant German Obligor's available Net Assets (the "**Auditor's Determination**"). If the Administrative Agent and the relevant German Obligor do not agree on the appointment of a joint auditor within 5 Business Days from the date the Administrative Agent has disputed the Management Determination, the Administrative Agent shall be entitled to appoint auditors of international standing and reputation in its sole discretion. The amounts determined in the Auditor's Determination shall be (except for manifest error) binding for all parties hereto. The costs of the Auditor's Determination shall be borne by the relevant German Obligor.

(F) If pursuant to the Auditor's Determination the amount of the available Net Assets is higher than set out in the Management Determination, the Administrative Agent may avail itself of any enforcement proceeds which exceed the amount which is necessary, pursuant to the Auditor's Determination, to maintain the relevant German Obligor's stated share capital.

(G) The relevant German Obligor shall realize, to the extent legally permitted and commercially reasonable, in a situation where it does not have sufficient net assets to maintain its stated share capital, any and all of its assets that are shown in its balance sheet with a book value (*Buchwert*) that is significantly lower than the market value of the assets if the relevant asset is not necessary for such relevant Guarantor's business (*nicht betriebsnotwendig*).

(H) The limitation set out in paragraph (b) above does not affect the right of the Administrative Agent to claim any outstanding amount again at a later point in time if and to the extent that paragraph (b) would allow this at that later point.

(I) This Section 16.2 (*Limitation on Enforcement*) shall apply mutatis mutandis if the Guaranty is granted by a member of the Obligor Group incorporated as a limited liability partnership (*GmbH & Co. KG*) in relation to the limited liability company as general partner (*Komplementär*) of such member of the Obligor Group.

(J) Any restrictions set out in this Section 16.2 (*Limitation on Enforcement*) shall cease to be effective at the date of a court decision pursuant to section 26 or 27 of the InsO on the petition for the commencement of insolvency proceedings with respect to the relevant German Obligor's assets.

ARTICLE XVII: AMENDMENT AND RESTATEMENT

The Company, the Foreign Subsidiary Borrowers, the Lenders and the Administrative Agent agree that, upon (i) the execution and delivery of this Agreement by each of the parties hereto and (ii) satisfaction (or waiver by the aforementioned parties) of the conditions precedent set forth in Section 5.1, the terms and provisions of the Existing Credit Agreement shall be and hereby are amended, superseded and restated in their entirety by the terms and provisions of this Agreement. This Agreement is not intended to and shall not constitute a novation of the Existing Credit Agreement or the Indebtedness created thereunder. The commitments to extend credit of each Lender that is a party to the Existing Credit Agreement shall, on the Closing Date, automatically be deemed amended and the only commitments to extend credit shall be those hereunder. Without limiting the foregoing, upon the effectiveness hereof: (a) all loans and letters of credit incurred under the Existing Credit Agreement which are outstanding on the Closing Date shall continue as Loans and Letters of Credit under (and shall be governed by the terms of) this Agreement and the other Loan Documents, (b) all references in the "Loan Documents" (as defined in the Existing Credit Agreement) to the "Administrative Agent", the "Credit Agreement" and the "Loan Documents" shall be deemed to refer to the Administrative Agent, this Agreement and the Loan Documents, respectively, (c) all obligations constituting "Obligations" under the Existing Credit Agreement with any Lender or any Affiliate of any Lender which are outstanding on the Closing Date shall continue as Obligations under this Agreement and the other Loan Documents, (d) any promissory note issued under the Existing Credit Agreement shall be deemed for all purposes superseded and replaced by the promissory notes (if any) issued to such Lender under

this Agreement, (e) any obligations under the "Fee Letters" (as defined in the Existing Credit Agreement) shall be of no further force and effect and such Fee Letters are hereby terminated, and (f) the Administrative Agent shall make such reallocations, sales, assignments or other relevant actions in respect of each Lender's credit and loan exposure under the Existing Credit Agreement as are necessary in order that each such Lender's Revolving Credit Obligations are equal to its Pro Rata Share of the aggregate Revolving Credit Obligations on the Closing Date and the Borrowers hereby agree to compensate each Lender for reasonable and documented costs and out-of-pocket expenses incurred by such Lender in connection with the sale and assignment of any Eurocurrency Rate Loans on the terms and in the manner set forth in Section 4.4 hereof. Each Lender hereby confirms the Administrative Agent's authority to enter into such additional reaffirmations of, or any amendments to, amendments and restatements of, or other modifications to, the other existing Loan Documents as the Administrative Agent shall approve in its sole discretion, in connection with the amendment and restatement of the Existing Credit Agreement so long as such amendments, restatements or other modifications do not contain any material modifications adverse to the Lenders (and, for the avoidance of doubt, such modifications may include the addition or removal of Obligor Groups and other changes that are otherwise permitted by the Administrative Agent's authority under or with respect to such existing Loan Documents or are consistent with changes in provisions included in this Agreement as compared to the provisions of the Existing Credit Agreement).

The remainder of this page is intentionally blank.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under seal by their duly authorized officers, all as of the day and year first written above.

Woodward, Inc., as the Company

By:



Name: Mark D. Hartman Title: Chief Financial Officer



Woodward Aken GmbH, as a Foreign Subsidiary Borrower

By:

Name: Jens Pollack
Title: Managing Director

[Signature Page to Credit Agreement]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed under seal by their duly authorized officers, all as of the day and year first written above.

Woodward, Inc., as the Company

By:
Title: Chief Financial Officer

Name: Mark D. Hartman

Woodward Aken GmbH, as a Foreign Subsidiary Borrower

By:
Name: Jen Ollack
Title: Managing Director





Wells Fargo Bank, National Association, as Administrative Agent, a Lender, Swing Line Bank and Issuing Bank

By:
Title: Senior Vice President

Name: Brett Rausch

[Signature Page to Credit Agreement]



JPMorgan Chase, N.A., as a Lender and Issuing Bank

By:
Name: Lynn Braun Title: Executive Director

[Signature Page to Credit Agreement]

Christian Jacobsen
Truist Bank, as a Lender

By:
Name: Christian Jacobsen
Title:

Director

[Signature Page to Credit Agreement]

 Bank of America, N.A., as a Lender

By: _____
Name: Joh
Title: Senior Vice President

[Signature Page to Credit Agreement]

 CITIBANK, N.A., as a Lender

By:
Name: Brad Peters
Title: Director

[Signature Page to Credit Agreement]

Brett Callanan (Oct 20, 2022 10:46 EDT) Global Relationship Manager

HSBC Bank USA, N.A., as a Lender

By:
Name:
Title:

[Signature Page to Credit Agreement]

RESTRICTED



The Toronto-Dominion Bank, as a Lender

By:
Name: Matt Hendel
Title: Managing Director

[Signature Page to Credit Agreement]

U.S. Bank National Association, as a Lender

.....
Title: Vice President, Kate E. Welker Name: Kate E. Welker

[Signature Page to Credit Agreement]

 Digitally signed
by Chris Golec
Date: 2022.10.20
09:36:03 -06'00' BANK OF THE WEST, as a Lender

By:
Name: Chris Golec Title: Director

[Signature Page to Credit Agreement]

BOKF, NA dba BOK Financial, as a Lender

By: 
Name: Katherine Rooney
Title: Senior Vice President

[Signature Page to Credit Agreement]

The Northern Trust Company, as a Lender



By:
Name: Jeffrey Leeds
Title: Vice President

[Signature Page to Credit Agreement]

NTAC-3NS-20

EXHIBIT A TO
CREDIT AGREEMENT
Revolving Loan Commitments

Lender	Revolving Loan Commitment	L/C Commitment
Wells Fargo Bank, National Association	\$195,000,000.00	\$25,000,000.00
JPMorgan Chase Bank, N.A.	\$152,500,000.00	\$25,000,000.00
Truist Bank	\$152,500,000.00	-
Bank of America, N.A.	\$90,000,000.00	-
Citibank, N.A.	\$90,000,000.00	-
HSBC Bank USA, N.A.	\$90,000,000.00	-
The Toronto-Dominion Bank	\$90,000,000.00	-
U.S. Bank National Association	\$50,000,000.00	-
Bank of the West	\$30,000,000.00	-
BOKF, NA dba BOK Financial	\$30,000,000.00	-
The Northern Trust Company	\$30,000,000.00	-
Total	\$1,000,000,000.00	

**EXHIBIT A-1 TO
CREDIT AGREEMENT
Eurocurrency/RFR Payment Offices**

Agreed Currency	Wells Fargo Bank, National Association, as Administrative Agent
Dollars	<p>If sending from outside the U.S. Bank Name: Wells Fargo Bank, N.A. Swift Code: WFBUS63XXX Account Number: 02095904050723 Swift ID: WFBUS63XXX</p> <p>If sending from within the U.S. Bank Name: Agency Services Clearing A/C Attn: Financial Cash Controls Swift Code: ABA:121000248 Account Number: 01104331628807 Swift ID: ABA:121000248</p>
euro	<p>Bank Name: Deutsche Bank AG Swift Code: DEUTDEFXXX Account Number: DE24500700100958748620 Swift ID: DEUTDEFXXX</p>
Japanese Yen	<p>Bank Name: Sumitomo Mitsui Banking Corporation Swift Code: SMBCJPJTXXX Account Number: 5082 Swift ID: SMBCJPJTXXX</p>
British Pounds Sterling	<p>Bank Name: National Westminster Bank PLC Swift Code: NWBKGB2LXXX Account Number: GB52NWBK60000410017267 Swift ID: NWBKGB2LXXX</p>

**EXHIBIT B TO
CREDIT AGREEMENT**

Form of Borrowing/Election Notice

TO: Wells Fargo Bank, National Association, as the "**Administrative Agent**" under certain Second Amended and Restated Credit Agreement, dated as of October 21, 2022, by and among Woodward, Inc., a Delaware corporation (the "**Lampant**"), the Foreign Subsidiary Borrowers from time to time parties thereto (together with the Company, the "**Borrowers**"), the institutions from time to time parties thereto as Lenders (the "**Lenders**") and the Administrative Agent (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**").

The Company hereby gives to the Administrative Agent a Borrowing/Election Notice pursuant to [Section 2.2] [Section 2.7] [Section 2.9] of the Credit Agreement, and notifies the Administrative Agent [and the Swing Line Bank] that [applicable Borrower] hereby requests to [borrow] [convert] [continue] on _____, (the "**Borrowing Date**");

(a) [from the Lenders on a pro rata basis] an aggregate principal amount of [USDS] [€] [¥] [£] in Revolving Loans [which are presently outstanding as a [Floating Rate Advance] [Eurocurrency Rate Advance] [Term RFR Advance] [Daily Simple RFR Advance]] [as] [into]:

1. Floating Rate Advance in Dollars
2. [Eurocurrency Rate] [Term RFR] Advance with the following characteristics: Applicable Interest Period of month(s)
Applicable Agreed Currency:
3. Daily Simple RFR Advance in British Pounds Sterling

(b) [from the Swing Line Bank a Swing Line Loan in the principal amount of \$ _____ as a [Floating Rate Advance] [an Advance, pursuant to Section 2.2(B)], accruing interest at a per annum rate equal to _____%].

The undersigned hereby certifies to the Administrative Agent and the Lenders that (i) the representations and warranties of the undersigned and [applicable Borrower] contained in Article VI of the Credit Agreement are and shall be true and correct in all material respects or, with respect to any representation that is qualified by materiality or Material Adverse Effect, all respects, on and as of the date hereof and on and as of the Borrowing Date (unless such representation and warranty is made as of a specific date, in which case, such representation and warranty shall be true in all material respects or all respects, as applicable, as of such date); (ii) no Default or Unmatured Default has occurred and is continuing on the date hereof or on the Borrowing Date or will result from the making of the proposed Loans; and (iii) the conditions set forth in Section 5.11 [12] of the Credit Agreement have been satisfied.

Unless otherwise defined herein, terms defined in the Credit Agreement shall have the same meanings in this Borrowing/Election Notice.

† For non-dollar Swingline to be the rate agreed to by the Company and the Swing Line Bank.

Dated:

WOODWARD, INC.

By:

Its:

EXHIBIT C TO
CREDIT AGREEMENT

Form of Request for Letter of Credit TO: [Insert name of Issuing Bank], and
Wells Fargo Bank, National Association, as the "Administrative Agent" under that certain Second Amended and Restated Credit Agreement, dated as of October 21, 2022, by and among Woodward, Inc., a Delaware corporation (the "Company"), the Foreign Subsidiary Borrowers from time to time parties thereto (together with the Company, the "Borrowers"), the institutions from time to time parties thereto as Lenders (the "Lenders") and the Administrative Agent (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

Pursuant to Section 3.4 of the Credit Agreement, [applicable Borrower] hereby gives to the Issuing Bank a request for issuance of a Letter of Credit on behalf of [applicable Borrower] for the benefit of _____, in the amount of \$ _____, with an effective date of _____, (the "Effective Date") and an expiry date of _____, [Insert instructions and /or conditions].

Each of the undersigned hereby certifies that (i) the representations and warranties of the undersigned contained in Article VI of the Credit Agreement are and shall be true and correct in all material respects or, with respect to any representation that is qualified by materiality or Material Adverse Effect, all respects, on and as of the date hereof and on and as of the Effective Date (unless such representation and warranty is made as of a specific date, in which case, such representation and warranty shall be true in all material respects or all respects, as applicable, as of such date); (ii) no Default or Unmatured Default has occurred and is continuing on the date hereof or on the Effective Date or will result from the issuance of the proposed Letter of Credit; and (iii) the conditions set forth in Sections 3.4 and 5.2 of the Credit Agreement have been satisfied.

Unless otherwise defined herein, terms defined in the Credit Agreement shall have the same meanings in this Request for Letter of Credit.

Dated: _____, WOODWARD, INC.

By:

Its:

[BORROWER]

By:

Its:

² Insert name of beneficiary
³ If Letter of Credit is being requested for a Borrower other than the Company

EXHIBIT D
FORM OF ASSIGNMENT AGREEMENT

This Assignment Agreement (the "Assignment Agreement") is dated as of the Effective Date set forth below and is entered into by and between *[Insert name of Assignor]* (the "Assignor") and *[Insert name of Assignee]* (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment Agreement as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, the interest in and to all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto that represents the amount and percentage interest identified below of all of the Assignor's outstanding rights and obligations under the respective facilities identified below (including, without limitation, any letters of credit, guaranties and swingline loans included in such facilities and, to the extent permitted to be assigned under applicable law, all claims (including without limitation contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity), suits, causes of action and any other right of the Assignor against any Person whether known or unknown arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby) (the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment Agreement, without representation or warranty by the Assignor.

1. Assignor:
2. Assignee [and is an Affiliate/Approved Fund of *[Identify Lender]*]⁴
3. Borrower: [Applicable Borrower]
4. Administrative Agent: Wells Fargo Bank, National Association as the Administrative Agent under the Credit Agreement
5. Credit Agreement: Second Amended and Restated Credit Agreement, dated as of October 21, 2022, among the Borrower, the other borrowers from time to time party thereto, the Lenders party thereto and the Administrative Agent
6. Assigned Interest:

Facility Assigned	Aggregate Amount of Revolving Loan Commitment/Loans for all Lenders ^{#5}	Amount of Revolving Loan Commitment/Loans Assigned ^{#6}	Percentage Assigned of Revolving Loan Commitment/Loans ^{#7}

⁴ Select as applicable.

† Insert Dollar amount or Equivalent Amount for Loans in Agreed Currencies other than Dollars

8	\$	\$	%
	\$	\$	%
	\$	\$	%

7. Trade Date: 9

Effective Date: _____, 20____ [TO BE INSERTED BY THE ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER BY THE ADMINISTRATIVE AGENT.]

The terms set forth in this Assignment Agreement are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____ Title: _____

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____ Title: _____

Consented to and Accepted:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: _____ Title: _____

[Consented to:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as an Issuing Bank

6 Insert Dollar amount or Equivalent Amount for Loans in Agreed Currencies other than Dollars
 7 Amount to be adjusted by the counterparties to take into account any payments or prepayments made between the Trade Date and the Effective Date.
 8 Set forth, to at least 9 decimals, as a percentage of the Revolving Loan Commitment/Loans of all Lenders thereunder.
 9 Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment Agreement.
 9 Insert if satisfaction of minimum amounts is to be determined as of the Trade Date.

By: Title:

JPMORGAN CHASE BANK, N.A.,
as an Issuing Bank

By: Title:]¹⁰

[Consented to:

[Applicable Borrower]

By: Title:]¹¹

¹⁰ To be added only if the consent of each Issuing Bank is required by the terms of the Credit Agreement.

¹¹ To be added only if the consent of the applicable Borrower is required by the terms of the Credit Agreement.

ANNEX I
TERMS AND CONDITIONS FOR ASSIGNMENT AGREEMENT1. Representations and Warranties

1.1 Assignor. The Assignor represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby. Neither the Assignor nor any of its officers, directors, employees, agents or attorneys shall be responsible for (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency, perfection, priority, collectibility, or value of the Loan Documents, (iii) the financial condition of the Company, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document, (iv) the performance or observance by the Company, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document, (v) inspecting any of the property, books or records of the Company, any other Borrower, or any guarantor, or (vi) any mistake, error of judgment, or action taken or omitted to be taken in connection with the Loans or the Loan Documents.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iii) agrees that its payment instructions and notice instructions are as set forth in Schedule I to this Assignment Agreement, (iv) confirms that none of the funds, monies, assets or other consideration being used to make the purchase and assumption hereunder are "plan assets" as defined under ERISA and that its rights, benefits and interests in and under the Loan Documents will not be "plan assets" under ERISA, (v) agrees to indemnify and hold the Assignor harmless against all losses, costs and expenses (including, without limitation, reasonable attorneys' fees) and liabilities incurred by the Assignor in connection with or arising in any manner from the Assignee's non-performance of the obligations assumed under this Assignment Agreement, (vi) it has received a copy of the Credit Agreement and the Intercreditor Agreement, together with copies of financial statements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (vii) attached as Schedule I to this Assignment Agreement is any documentation required to be delivered by the Assignee with respect to its tax status pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee and (b) agrees (i) that it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, (ii) that it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender and (iii) to be bound by the terms and conditions of the Intercreditor Agreement.

2. Payments. The Assignee shall pay the Assignor, on the Effective Date, the amount agreed to by the Assignor and the Assignee. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees

and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment Agreement may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment Agreement by facsimile or in electronic (i.e., "pdf" or "tif") format shall be effective as delivery of a manually executed counterpart of this Assignment Agreement. This Assignment Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York.

SCHEDULE 1

PAYMENT INSTRUCTIONS/NOTICE INSTRUCTIONS

(Schedule to be supplied by Closing Unit or Trading Documentation Unit)

US AND NON-US TAX INFORMATION REPORTING REQUIREMENTS

(Schedule to be supplied by Closing Unit or Trading Documentation Unit)

EXHIBIT E
TO
CREDIT AGREEMENT

Form of Borrowers' Counsel's Opinion Attached

**PAUL
HASTIN GS**

October 21, 2022 98031.00005

To the Agent and the Lenders on the date hereof identified below:

Ladies and Gentlemen:

We have acted as counsel to Woodward, Inc., a Delaware corporation ("Woodward") and Woodward Aken GmbH, a German limited liability company ("Woodward Aken"). Woodward and Woodward Aken are sometimes referred to herein individually as a "Borrower" and collectively as the "Borrowers", in connection with that certain Second Amended and Restated Credit Agreement, dated as of the date hereof (the "Credit Agreement"), by and among the Borrowers, the lending institutions from time to time party thereto (the "Lenders") and Wells Fargo Bank, National Association, as Administrative Agent for the Lenders (in such capacity, the "Agent"). We have also acted as counsel to the following subsidiaries of Woodward in connection with the transactions contemplated by the Credit Agreement: Woodward HRT, Inc., a Delaware corporation ("Woodward HRT"), and MPC Products Corporation, an Illinois corporation ("MPC Products"), and with Woodward HRT the "U.S. Subsidiaries," and Woodward L'Orange GmbH, a German limited liability company ("Woodward L'Orange"). Woodward and the U.S. Subsidiaries are sometimes referred to herein individually as a "U.S. Credit Party" and collectively as the "U.S. Credit Parties." Woodward Aken and Woodward L'Orange are sometimes referred to herein individually as a "German Credit Party" and collectively as the "German Credit Parties." The U.S. Credit Parties and the German Credit Parties are sometimes referred to herein individually as a "Credit Party" and collectively as the "Credit Parties." This opinion is being delivered at the request of the Credit Parties pursuant to Section 5.1(b) of the Credit Agreement. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

As such counsel and for purposes of our opinions set forth below, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate and limited liability company records, certificates of public officials and other instruments as we have deemed necessary or appropriate as a basis for the opinions set forth herein, including, without limitation:

- (i) the Credit Agreement;
- (ii) the Second Amended and Restated Subsidiary Guaranty, dated as of October 21, 2022, among the U.S. Subsidiaries and the Agent (the "Domestic Guaranty");
- (iii) the Foreign Subsidiary Guaranty, dated as of October 21, 2022 between Woodward L'Orange and the Agent (the "Foreign Guaranty");
- (iv) the certificate of incorporation, and all amendments thereto, of Woodward, certified as of September 23, 2022, by the Secretary of State of the State of Delaware, and the bylaws of Woodward as certified by the Secretary of Woodward as of the date hereof (the "Woodward Charter Documents").

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To the Agent and Lenders October 21, 2022
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- (v) the certificate of incorporation, and all amendments thereto, of Woodward HRT, certified as of September 23, 2022, by the Secretary of State of the State of Delaware, and the bylaws of Woodward HRT, as certified by the Secretary of Woodward HRT as of the date hereof (the "Woodward HRT Charter Documents");
- (vi) the articles of incorporation, and all amendments thereto, of MPG Products, certified as of September 28, 2022, by the Secretary of State of the State of Illinois, and the bylaws of MPG Products as certified by the Secretary of MPG Products as of the date hereof (the "MPG Products Charter Documents"); and, together with the Woodward Charter Documents and the Woodward HRT Charter Documents, the "Charter Documents";
- (vii) a certificate of the Secretary of State of the State of Delaware as to the incorporation and good standing of Woodward under the laws of the State of Delaware as of September 23, 2022 (the "Woodward Good Standing Certificate");
- (viii) a certificate of the Secretary of State of the State of Delaware as to the incorporation and good standing of Woodward HRT under the laws of the State of Delaware as of September 23, 2022 (the "Woodward HRT Good Standing Certificate");
- (ix) a certificate of the Secretary of State of the State of Illinois as to the incorporation and good standing of MPG Products under the laws of the State of Illinois as of September 23, 2022 (the "MPG Products Good Standing Certificate"), and together with the Woodward Good Standing Certificate and the Woodward HRT Good Standing Certificate, the "Good Standing Certificates";
- (x) resolutions adopted by the board of each U.S. Credit Party, certified by a duly authorized officer of such U.S. Credit Party, relating to the execution and delivery of the Amendment, and the performance by such U.S. Credit Party of its obligations under, the Loan Documents (as defined below) to which it is a party; and
- (xi) certificates of officers and other representatives of each of the Credit Parties certifying the incumbency, authority and true signatures of the officers or representatives of each of the Credit Parties authorized to sign the Loan Documents to which such Credit Party is a party and the certificates and other documents and instruments being delivered by such Credit Party pursuant to such Loan Documents and certifying as to other factual matters.

The Credit Agreement, the Domestic Guaranty and the Foreign Guaranty are referred to herein, individually, as a "Loan Document" and, collectively, as the "Loan Documents".

In addition, we have made such investigations of law as we have deemed relevant and necessary as a basis for the opinions expressed below.

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In such examination and in rendering the opinions expressed below, we have assumed: (i) (x) that each of the parties to the Loan Documents (other than the U.S. Credit Parties) is a validly existing entity in the jurisdiction of its organization, in good standing in each applicable jurisdiction and has the power and authority to execute and deliver, and to perform its obligations under, the Loan Documents to which it is a party and that such execution, delivery and performance does not violate any provision of the certificate of incorporation (or equivalent formation document) of each such party, and (y) the due authorization, execution and delivery of each Loan Document, and each other document referred to above by all of the parties thereto (other than the due authorization, execution and delivery of the Loan Documents by the U.S. Credit Parties); (ii) the genuineness of all signatures on all documents submitted to us; (iii) the authenticity and completeness of all documents, corporate, limited liability company and other entity records, certificates and other instruments reviewed by us; (iv) that photocopy, electronic, certified, conforming, facsimile and other copies of original documents, corporate, limited liability company and other entity records, certificates and other instruments reviewed by us conform to such original documents, records, certificates and other instruments; (v) the legal capacity and competency of all individuals executing documents; (vi) that (x) the Loan Documents are the valid and binding obligations of each of the parties thereto (other than the obligations of the Credit Parties under the Loan Documents) under New York law, enforceable against such parties (other than the Credit Parties) under New York law in accordance with their respective terms and have not been amended or terminated orally or in writing, and (y) the status of the Loan Documents as legally valid and binding obligations of the parties is not affected by any (1) breaches of, or defaults under, agreements or instruments, (2) violations of statutes, rules, regulations or court or governmental orders, or (3) failures to obtain required consents, approvals or authorizations from, or make required registrations, declarations or filings with, governmental authorities (except, in each case, to the extent expressly covered by our opinions herein); (vii) that there are no agreements or understandings between or among any of the parties to the Loan Documents or third parties that would expand, modify or otherwise affect the terms of the Loan Documents or the respective rights or obligations of the parties thereunder or that would modify, release, terminate, subordinate or delay the attachment of the security interest and liens granted thereunder; (viii) that the statements contained in the certificates and comparable documents of public officials, officers and representatives of the Credit Parties and other Persons on which we have relied for the purposes of this opinion letter (including, without limitation, the Good Standing Certificates) are true and correct on and as of the date hereof; (ix) that the officers, directors, managers, stockholders or members of each of the Credit Parties have properly exercised their fiduciary duties, and (x) that the rights and remedies set forth in the Loan Documents will be exercised reasonably and in good faith and were granted without fraud or duress and for good, valuable and adequate consideration and without intent to hinder, delay or defeat any rights of any creditors or stockholders of, or other holders of equity interests in, any of the Credit Parties. As to all questions of fact material to this opinion letter, we have relied (without independent investigation, except as expressly indicated herein) upon certificates or comparable documents of officers and representatives of the Credit Parties and upon the representations and warranties of the Credit Parties contained in the Loan Documents, including the Credit Agreement.

Based upon the foregoing, and in reliance thereon, and subject to the assumptions, limitations, qualifications and exceptions set forth herein, we are of the following opinions:

1. Each U.S. Credit Party (other than MPC Products) is an existing corporation in good standing under the laws of the State of Delaware; and each U.S. Credit Party (other than MPC Products) has the corporate power and authority to enter into and perform its obligations under the Loan Documents to which it is a party. MPC Products is an existing corporation in good standing under the laws of the State of Illinois; and MPC Products has the corporate power and authority to enter into and perform its obligations under the Loan Documents to which it is a party.

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2. Each U.S. Credit Party has taken all necessary corporate action on its part to be taken by it in order to authorize the execution, delivery and performance of the Loan Documents to which it is a party, and each U.S. Credit Party has duly executed and delivered each of the Loan Documents to which it is a party.

3. Each of the Loan Documents constitutes the valid and binding obligation of each Credit Party which is a party thereto, enforceable against such Credit Party in accordance with its terms.

4. The execution and delivery by each Credit Party of the Loan Documents to which it is a party, the incurring and repayment by the Borrowers of the borrowings under the Credit Agreement and the guaranteeing by each other Credit Party of such borrowings pursuant to the Loan Documents do not (i) cause such Credit Party to violate any federal or New York State statute, rule or regulation or, with respect to each U.S. Credit Party other than MPC Products, the Delaware General Corporation Law or with respect to MPC Products, the Illinois Business Corporation Act, or (ii) constitute a breach by such Credit Party of, or constitute a default by such Credit Party under, or require the approval or consent of any person under, the express terms of any agreements listed on Schedule 1 to this letter (the "Consent Agreements"), or (iii) solely with respect to the U.S. Credit Parties, violate any provision of such U.S. Credit Party's respective Charter Documents.

5. No consent, approval or authorization of, or filing with, any federal or New York State governmental body or authority is required to be obtained or made by the Credit Parties to authorize, or is otherwise required to be obtained or made by the Credit Parties in connection with, the execution and delivery of the Loan Documents to which such Credit Party is a party, the incurring and repayment by the Borrowers of the borrowings under the Credit Agreement and the guaranteeing by each other Credit Party of such borrowings pursuant to the Loan Documents to which it is a party, other than such consents, approvals and authorizations, which, to our knowledge, has been obtained and are in full force and effect.

6. No Credit Party is, and after giving effect to the application of the proceeds of the Loans for the purposes permitted by the Credit Agreement, no Credit Party will then be (solely as a result of such application), required to register as an "investment company" as defined in the Investment Company Act of 1940, as amended.

7. The Loans and the application of the proceeds thereof as provided in the Credit Agreement do not violate Regulation U or X of the Board of Governors of the Federal Reserve System.

The foregoing opinions are subject to the following assumptions, exceptions, qualifications and limitations:

A. We express no opinion with respect to any of the following (collectively, the "Excluded Laws"): (i) anti-fraud laws or, except as expressly set forth in opinion paragraph 6, other federal or state securities laws; (ii) except as expressly set forth in opinion paragraph 7, Federal Reserve Board margin regulations; (iii) pension or employee benefit laws, e.g., ERISA; (iv) federal or state antitrust, trade or unfair competition laws, including, without limitation, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; and Section 721 of the Defense Production Act of 1950, as amended by the Foreign Investment Risk Review Modernization Act of 2018; (v) the statutes, ordinances, administrative decisions or rules and regulations of counties, towns, municipalities and other political subdivisions (whether created or enabled through legislative action at the federal, state or regional level); (vi) federal or state environmental laws; (vii) federal or state land use, building codes or subdivision laws or other laws, rules

or regulations relating to the construction, installation or operation of any property or assets; (viii) federal or state tax laws; (ix) federal or state laws relating to communications (including, without limitation, the Communications Act of 1934, as amended, and the Telecommunications Act of 1996, as amended); (x) federal patent, copyright or trademark, state trademark or other federal or state intellectual property laws; (xi) federal or state racketeering laws, i.e., RICO; (xii) federal or state health care laws or federal or state safety laws, i.e., OSHA; (xiii) federal or state laws concerning aviation, vessels, railways or other means of transportation; (xiv) federal or state laws concerning public utilities; (xv) federal or state labor or employment laws; (xvi) federal or state laws or policies concerning (A) national or local emergencies, (B) possible judicial deference to acts of sovereign states including judicial acts, or (C) criminal or civil forfeiture laws; (xvii) federal or state banking or insurance laws; (xviii) export, import or customs laws; (xix) anti-terrorism orders, as the same may be renewed, extended, amended or replaced, or any federal, state or local laws, statutes, ordinances, orders, governmental rules, regulations, licensing requirements or policies relating to the same, including, without limitation, Executive Order 13224, effective September 24, 2001; (xx) the USA Patent Improvement and Reauthorization Act of 2005, its successor statutes or similar statutes in effect from time to time, or the policies promulgated thereunder or any foreign assets control regulations of the United States Treasury Department or any enabling legislation or order relating thereto; (xxi) federal or state laws concerning bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally, including, without limitation, fraudulent transfer or fraudulent conveyance laws; (xxii) other federal or state statutes of general application to the extent they provide for criminal prosecution (i.e., mail fraud and wire fraud statutes); or, in the case of each of the foregoing, any rules or regulations promulgated thereunder or administrative or judicial decisions with respect thereto; (xxiii) the Federal Assignment of Claims Act of 1940, as amended; or (xxiv) usury or other laws limiting or regulating the maximum amount of interest that may be charged, collected, received or contracted for other than the internal laws of the State of New York, and without limiting the foregoing, we expressly disclaim any opinion as to the usury or other such laws of any other such jurisdiction besides the State of New York (including laws of other states made applicable through principles of federal preemption or otherwise) which may be applicable to the transactions contemplated by the Loan Documents.

B. We express no opinion with respect to (i) the truth of the factual representations and warranties contained in the Loan Documents, or (ii) any document or agreement other than the Loan Documents regardless of whether such document or agreement is referred to in the Loan Documents.

C. We express no opinion with respect to the effect that the introduction of extrinsic evidence as to the meaning of any Loan Document may have on the opinions expressed herein.

D. Our opinions are limited solely to laws and regulations (other than the Excluded Laws) that, in our experience, are customarily applicable to transactions in the nature of those contemplated by the Loan Documents between unregulated parties and exclude statutes, rules and regulations that are part of a regulatory scheme applicable to any party or any of their affiliates due to the specific assets or business of such party or such affiliates. We express no opinion as to the effect on our opinions regarding the Loan Documents arising out of the status or activities of, or laws applicable to, the Agent, the Lenders or any other party, if any, to the Loan Documents (other than the Credit Parties to the extent covered by this opinion letter), and, without limiting the foregoing, we are not expressing any opinion as to the effect of compliance or non-compliance by such parties with any state or federal laws or regulations applicable to the transactions contemplated by the Loan Documents because of the nature of any of their businesses.

E. With respect to our opinions set forth in opinion paragraph 1 above, with your permission, we are relying solely and without independent investigation on our review and examination of (i) with respect

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to the existence and good standing of the U.S. Credit Parties, the Good Standing Certificates, and (i) with respect to entity power and authority of the U.S. Credit Parties, the Charter Documents and applicable statutes governing the incorporation or formation of each of the U.S. Credit Parties, as applicable (as such statutes appear in a standard compilation thereof without regard to any regulations promulgated thereunder or any judicial or administrative interpretations thereof), to the extent covered by this opinion letter.

F. In giving our opinion set forth in opinion paragraph 2 above, with respect to the due execution of the Loan Documents, we have relied solely upon the incumbency and signature certificates referred to above with respect to the identity and signatures of the signatories.

G. Our opinions are subject to (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, including, without limitation, fraudulent transfer or fraudulent conveyance laws; (ii) the effect of public policy considerations, statutes or court decisions that may limit rights to obtain exculpation, indemnification or contribution (including, without limitation, indemnification regarding violations of the securities laws and indemnification for losses resulting from a judgment for the payment of any amount other than in United States dollars); and (iii) the effect of general principles of equity (including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing) and the availability of equitable remedies (including, without limitation, specific performance and equitable relief), regardless of whether considered in a proceeding in equity or at law.

H. No opinion is expressed herein with respect to the validity, binding effect or enforceability of (i) any provision of the Loan Documents allowing any party to exercise any remedial rights without notice to any Credit Party; (ii) any waiver of demand or notice by any Credit Party, or any waiver of any rights or any defense which as a matter of law or public policy cannot be waived, in either case to the extent contained in the Loan Documents; (iii) any provision of the Loan Documents purporting to prohibit, restrict or condition the assignment of any agreement or instrument to the extent the same is rendered ineffective by Sections 9-406 through 9-409 of the Uniform Commercial Code as in effect in a relevant jurisdiction; (iv) any provision of the Loan Documents purporting to establish evidentiary standards; (v) any provision of the Loan Documents purporting to establish the subject matter jurisdiction of the United States District Court to adjudicate any controversy related to any of the Loan Documents; (vi) any provision of the Loan Documents purporting to entitle the Agent, any Lender or any other Person to specific performance of any provision thereof; (vii) any provision of the Loan Documents requiring a Person to cause another Person to take or to refrain from taking action under circumstances in which such Person does not control such other Person;

(viii) any provision of the Loan Documents providing for the effectiveness of service of process by mail in any suit, action or proceeding of any nature arising in connection with or in any way relating to any Loan Document or any provision of the Loan Documents which purports to, or has the effect of, waiving or extending any statute of limitation; (ix) any provision of the Loan Documents requiring waivers or amendments to be in writing insofar as such provision suggests that oral or other modifications, amendments or waivers could not be effectively agreed upon by the parties or that the doctrine of promissory estoppel might not apply; (x) any provision of the Loan Documents stating that rights or remedies are not exclusive, that every right or remedy is cumulative and may be exercised in addition to any other right or remedy, that the election of some particular remedy does not preclude recourse to one or more others or that failure to exercise or delay in exercising rights or remedies will not operate as a waiver of any such right or remedy; (xi) any liquidated damage or other provision of the Loan Documents that imposes (or is deemed or construed to impose) a penalty or forfeiture; (xii) any provision of the Loan Documents appointing one party as an attorney-in-fact for an adverse party; (xiii) any provision of the Loan Documents purporting to limit the liability of any party thereto to third parties; (xiv) any provision of the Loan Documents purporting to waive a right to a jury trial in a judicial proceeding; (xv) any provision of the Loan

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PAUL

HASTIN GS

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Documents stating that time is of the essence; (xvi) any provision of the Loan Documents that constitutes (or is construed to constitute) an agreement to agree; (xvii) any right of setoff to the extent asserted by a participant in the rights of a lender under the Loan Documents; (xviii) any provision of the Loan Documents insofar as it purports to provide for a power of sale; (xix) any provision of the Loan Documents insofar as it purports to provide for a right of reinstatement or characterize the transactions thereunder as not constituting a novation or payment of debt or other obligations; (xx) any provisions of the Loan Documents regarding "bail-in" statutes or similar laws; or (xxi) any provision of the Loan Documents that would require payment of (A) any unamortized original issue discount (including any original issue discount effectively created by payment of a fee), or (B) the closing or arrangement fees, to the extent they are considered to be less for the "brokerage, soliciting, drawing or procuring of a loan" and exceed 0.50% of the amount thereof in violation of New York General Obligations Law Section 5-531.

I. No opinion is expressed herein with respect to the validity, binding effect or enforceability of any provision of the Loan Documents insofar as it purports to effect a choice of governing law or choice of forum for the adjudication of disputes or with respect to the acceptance by a federal court located in the State of New York of jurisdiction of a dispute arising under the Loan Documents, other than (a) the enforceability by a New York State court under New York General Obligations Law Section 5-1401 of the choice of New York State law as the governing law of the Loan Documents (subject, however, to the extent limited by the Constitution of the United States and by Section 1-301 of the New York UCC), and (b) the enforceability by a New York State court under New York General Obligations Law Section 5-1402 of New York State courts as a non-exclusive forum for the adjudication of disputes with respect to the Loan Documents.

J. With respect to our opinions set forth in opinion paragraph 4 regarding the Reviewed Agreements and the Charter Documents, we have not reviewed, and express no opinion on, (i) financial covenants or similar provisions requiring financial calculations or determinations to ascertain whether there is any breach of or default under such provisions or (ii) provisions relating to the occurrence of a "material adverse effect," "material adverse change" or words of similar import. In addition, our opinions relating to the Reviewed Agreements and the Charter Documents are subject to the effect on such Reviewed Agreements and Charter Documents of (x) the introduction of extrinsic evidence to interpret the terms thereof and (y) any non-written modifications thereof. Moreover, our opinions relating to those agreements are based solely upon the plain meaning of their language without regard to interpretation or construction that might be indicated by the laws governing those agreements.

K. We express no opinion with respect to (i) the right, title or interest of any Credit Party in or to any property, or (ii) the creation or perfection of any security interests or liens, or (iii) the priority of any security interests or liens.

L. We advise you that the enforceability of waivers of the following may be limited on statutory or public policy grounds: (i) broadly or vaguely stated rights, (ii) the benefits of statutory, regulatory or constitutional rights, (iii) unknown future defenses, or (iv) rights to damages.

M. We render no opinion regarding (i) the necessity of any consent, approval or authorization, or the contravention of any law or agreement, arising from any Credit Party's execution or delivery of or performance of its obligations under any Loan Document, or (ii) the validity, binding effect or enforceability of any Loan Document with respect to any Credit Party, in each case set forth in clauses (i) and (ii), to the extent that such Loan Document involves any obligation (including any guaranty) of such Credit Party, or

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any grant of a security interest or lien to secure any obligation (including any guaranty) of such Credit Party, with respect to any "swap" (as such term is defined in the Commodity Exchange Act) if such Credit Party is not an "eligible contract participant" (as such term is defined in the Commodity Exchange Act and is from time to time interpreted by the Commodity Futures Trading Commission (or its successor) in its regulations, orders, letters or other announcements) at the time such obligation is incurred, or such security interest or lien is granted, by such Credit Party.

Without limiting any of the other limitations, exceptions and qualifications stated elsewhere herein (including, without limitation, qualification paragraph A with respect to Excluded Laws), we express no opinion with regard to any law other than, as in effect on the date of this opinion letter, (i) the internal laws of the State of New York, (ii) to the extent set forth in opinion paragraph 1 above with respect to each U.S. Credit Party (other than MPC Products), in opinion paragraph 2 above with respect to the due authorization and execution by each U.S. Credit Party (other than MPC Products) of the Loan Documents to which such U.S. Credit Party is a party and in opinion paragraph 4 with respect to violation of law and Charter Documents of each U.S. Credit Party (other than MPC Products), Delaware General Corporation Law (based solely upon our review of a standard compilation thereof without regard to any regulations promulgated thereunder or any judicial or administrative interpretations thereof), (iii) to the extent set forth in opinion paragraph 1 above with respect to MPC Products, in opinion paragraph 2 above with respect to the due authorization and execution by MPC Products of the Loan Documents to which it is a party and in opinion paragraph 4 with respect to violation of law and Charter Documents of MPC Products, the Illinois Business Corporation Act (based solely upon our review of a standard compilation thereof without regard to any regulations promulgated thereunder or any judicial or administrative interpretations thereof), and (iv) the federal laws of the United States. We are not engaged in practice in the State of Delaware and, without limitation, we do not express any opinion regarding any Delaware contract law.

This opinion letter deals only with the specified legal issues expressly addressed herein and you should not infer any opinion that is not explicitly addressed herein from any matter stated in this opinion letter. The opinions expressed herein are to be governed by the law of the State of New York and shall be construed in accordance with the customary practice in New York of lawyers who regularly give, and lawyers who regularly advise opinion recipients regarding, opinions of the kinds contained herein.

This opinion letter is solely for the benefit of the addressees in connection with the Loan Documents. Without our prior written consent, this opinion letter may not be relied upon by the addressees for any other purpose or relied upon by any other Person, or furnished, assigned, or quoted to any other Person, except that this opinion letter may be (i) furnished to (but may not be relied upon by) accountants and counsel for any Lender on the basis that they make no further disclosure, and any bank regulatory authority having jurisdiction over any Lender which requires such Lender to furnish this opinion letter and (ii) disclosed pursuant to judicial process or governmental order. This opinion letter speaks only as of the date hereof and is not to be deemed to have been reissued by any subsequent delivery of a copy hereof. We expressly disclaim any responsibility to advise you or any other Person of any development or circumstance of any kind, including any change in law or fact, that may occur after the date of this opinion letter that might affect the opinions expressed in this opinion letter. Furthermore, all rights hereunder may be asserted only in a single proceeding by and through the Agent or the Required Lenders.

Notwithstanding the restrictions on reliance in the immediately preceding paragraph, at your request, we hereby consent to reliance on the opinions expressed herein, solely in connection with the Loan Documents, by any party that becomes a Lender or a successor Administrative Agent subsequent to the date of this opinion letter in accordance with the provisions of the Credit Agreement (each, an "Additional

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Lender) as if this opinion letter were addressed and delivered to such Additional Lender on the date hereof, on the conditions and understanding that (i) any such reliance (A) must be actual and reasonable under the circumstances existing at the time such Additional Lender becomes a Lender or the Administrative Agent, including any circumstances relating to changes in law, facts or any other developments known to or reasonably knowable by such Additional Lender at such time and (8) can occur only after such Additional Lender's consultation concerning this opinion letter with counsel experienced in secured lending matters. (ii) our consent to such reliance shall not constitute a reissuance of this opinion letter or otherwise extend any statute of limitations period applicable hereto on the date of this opinion letter, and (iii) in no event shall any Additional Lender have any greater rights with respect hereto than the original addressees of this opinion letter or, in the case of any Additional Lender that becomes a Lender by assignment, than its assignor. We consent to disclosure of this opinion letter to any Governmental Authority, self-regulatory body to which any addressee reports, regulator, auditor or professional advisor of any addressee for the purpose of establishing the existence of this opinion letter, provided, however, that such Governmental Authority, self-regulatory body to which any addressee reports, regulator, auditor and professional advisor is not authorized to rely on the opinions expressed herein for any other purpose.



Very truly yours,



Schedule I - Reviewed Agreements

- 1. 2013 Note Agreement (as defined in the Credit Agreement)
- 2. 2016 Note Agreement (as defined in the Credit Agreement)
- 3. 2018 Note Agreement (as defined in the Credit Agreement)

**EXHIBIT F TO
CREDIT AGREEMENT**

List of Closing Documents

A. **LOAN DOCUMENTS**

1. Second Amended and Restated Credit Agreement (the "Credit Agreement") by and among Woodward, Inc., a Delaware corporation (the "Company"), the Foreign Subsidiary Borrowers from time to time parties thereto (the "Foreign Subsidiary Borrowers" and, together with the Company, the "Borrowers"), the institutions from time to time parties thereto as Lenders (the "Lenders") and Wells Fargo Bank, National Association, in its capacity as Administrative Agent for itself and the other Lenders (the "Administrative Agent").
2. Notes, if requested, executed by the Borrowers in favor of the Lenders in the aggregate principal amounts of such Lenders' Revolving Loan Commitments under the Credit Agreement, as amended.
3. Second Amended and Restated Subsidiary Guaranty, dated as of October 21, 2022, executed by the Domestic Subsidiary Guarantors in favor of the Administrative Agent for the benefit of the Lenders.
4. Foreign Subsidiary Guaranty, dated as of October 21, 2022, executed by Woodward L'Orange GmbH in favor of the Administrative Agent for the benefit of the Lenders.
5. Second Amended and Restated Intercreditor Agreement, dated as of July 10, 2013, by and among the Administrative Agent, the holders of the 2009 Notes, the holders of the 2013 Notes and each other New Creditor (as defined therein) from time to time party thereto, and acknowledged by the Company, each Significant Domestic Incorporated Subsidiary and each Significant Foreign Subsidiary.

B. **CORPORATE DOCUMENTS**

5. Certificate of the Secretary, an Assistant Secretary or other comparable officer of the Company certifying (i) that there have been no changes in the Certificate of Incorporation of the Company, as attached thereto and as certified as of a recent date by the Secretary of State of Delaware, since the date of the certification thereof by the Secretary of State of Delaware, (ii) the By-Laws, as attached thereto, of the Company as in effect on the date of such certification, (iii) resolutions of the Board of Directors of the Company authorizing the execution, delivery and performance of each Loan Document to which it is a party, and (iv) the names and true signatures of the incumbent officers of the Company authorized to sign the Loan Documents to which it is a party and to request borrowings under the Credit Agreement.
6. Good Standing Certificate (or the equivalent thereof) for the Company from the Secretaries of State (or the equivalent thereof) of Delaware and Illinois.
7. Certificate of the Secretary, an Assistant Secretary or other comparable officer of each Domestic Subsidiary Guarantor certifying (i) that there have been no changes in the Articles or Certificate of Incorporation, Certificate of Formation or other charter document of such Domestic Subsidiary Guarantor, as attached thereto and as certified as of a recent date by the secretary of state (or the equivalent thereof) of its jurisdiction or organization, if applicable, since the date of the certification

thereof by such secretary of state (or equivalent thereof), if applicable, (ii) the By-Laws, Operating Agreement, or other applicable organizational document, as attached thereto, of such Domestic Subsidiary Guarantor as in effect on the date of such certification, (iii) resolutions of the Board of Directors, Board of Managers, or other governing body of such Domestic Subsidiary Guarantor authorizing the execution, delivery and performance of each Loan Document to which it is a party, and (iv) the names and true signatures of the incumbent officers of such Domestic Subsidiary Guarantor authorized to sign the Loan Documents to which it is a party.

8. Good Standing Certificates (or the equivalents thereof) for each Domestic Subsidiary Guarantor from the secretaries of state (or the equivalents thereof), if applicable, of its respective jurisdiction or organization.

9. Certificate of the an officer of each of Woodward Aken GmbH ("Woodward Aken") and Woodward L'Orange GmbH ("Woodward L'Orange", together with Woodward Aken, the "German Obligors") certifying (i) an excerpt (which is not older than one week) relating to each German Obligor from the commercial register, and that the information contained in such excerpt remains true and correct as of the Closing Date, (ii) that there have been no changes in the Articles of Association, as attached thereto and as notarized, since the date of the notarization thereof, if applicable, (iii) the list of shareholders as filed with the applicable commercial register, as attached thereto, of each German Obligor as in effect on the date of such certification, (iv) resolutions of the shareholders of each German Obligor authorizing the execution, delivery and performance of each Loan Document to which such German Obligor is a party, and (v) the names and true signatures of the incumbent officers of each German Obligor authorized to sign the Loan Documents to which such German Obligor is a party.

C. OPINIONS

10. Opinions of Paul Hastings LLP, counsel to the Company and the Significant Subsidiaries.
11. Opinion of Paul Hastings LLP, counsel to the German Obligors.

D. CLOSING CERTIFICATES AND MISCELLANEOUS

12. Written Money Transfer Instruction.

13. A Certificate signed by the Chief Financial Officer of the Company certifying that as of the Closing Date (i) no Default or Unmatured Default has occurred and is continuing, and (ii) all of the representations and warranties of the Company in the Credit Agreement are true and correct in all material respects or, with respect to any representation that is qualified by materiality or Material Adverse Effect, in all respects as of the Closing Date (unless such representation and warranty is made as of a specific date, in which case, such representation and warranty shall be true in all material respects or all respects, as applicable, as of such date).

EXHIBIT G TO
CREDIT AGREEMENT

Form of Officer's Certificate OFFICER'S CERTIFICATE

I, the undersigned, hereby certify to the "Administrative Agent" and the "Lenders" (each as defined below) that I am the _____ of Woodward, Inc., a corporation duly organized and existing under the laws of the State of Delaware (the "Company"). Capitalized terms used herein and not otherwise defined herein are as defined in that certain Second Amended and Restated Credit Agreement, dated as of October 21, 2022, by and among the Company, the Foreign Subsidiary Borrowers from time to time parties thereto, the institutions from time to time parties thereto as Lenders (the "Lenders") and Wells Fargo Bank, National Association, as "Administrative Agent" (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement").

I further certify to the Administrative Agent and the Lenders, as such officer and not individually, that, pursuant to Section 7.1(A)(iii) of the Credit Agreement, as of the date hereof, no Default or Unmatured Default exists [other than the following (describe the nature of the Default or Unmatured Default and the status thereof)].

[Remainder of page intentionally blank.]

IN WITNESS WHEREOF, I hereby subscribe my name on behalf of the Borrower on this _____ day of _____, 20__

WOODWARD, INC.

By: [Insert Name of Officer]
Title:

**EXHIBIT H TO
CREDIT AGREEMENT**
Form of Compliance Certificate

Pursuant to Section 7.1(d)(iii) of that certain Second Amended and Restated Credit Agreement, dated as of October 21, 2022, among Woodward, Inc., (the "Company"), the Foreign Subsidiary Borrowers from time to time parties thereto, the institutions from time to time parties thereto as lenders (the "Lenders") and Wells Fargo Bank, National Association, as Administrative Agent (the "Administrative Agent") (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), the Company, through its Chief Financial Officer, hereby delivers to the Administrative Agent, together with the financial statements being delivered to the Administrative Agent pursuant to Section 7.1(d) of the Credit Agreement, this Compliance Certificate (the "Certificate") for the accounting period from [] , 20__ to [] , 20__ (the "Accounting Period"). Capitalized terms used herein shall have the meanings set forth in the Credit Agreement. Subsection references herein relate to subsections of the Credit Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected Chief Financial Officer of the Company;
2. I have reviewed the terms of the Credit Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of the Company and its Subsidiaries during the accounting period covered by the attached financial statements; and
3. Schedule 1 attached hereto sets forth financial data and computations evidencing the Company's compliance with certain covenants of the Credit Agreement, all of which data and computations are true, complete and correct.

The foregoing certifications, together with the computations set forth in Schedule 1 hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this ___ day of , 20__.

The Company hereby certifies, through its Chief Financial Officer, that the information set forth herein is accurate as of , 20__, to the best of such officer's knowledge, after diligent inquiry, and that the financial statements delivered herewith present fairly the financial position of the Company and its Subsidiaries at the dates indicated and the results of their operations and changes in their financial position for the periods indicated in conformity with Agreement Accounting Principles, consistently applied.

Dated _____, 20__

WOODWARD, INC.

By: Name:
Title:

SCHEDULE I
to COMPLIANCE CERTIFICATE

I. FINANCIAL COVENANTS

For the purposes of the following covenants, EBITDA shall be calculated as follows (in each case as more specifically set forth in the definition of "EBITDA" appearing in the Credit Agreement):

	a.	Net Income	\$	
	b+	Interest Expense	\$	
	c+	Taxes	\$	
	d+	Unusual non-cash charges	\$	
	e-	Unusual non-cash gains	\$	
	f+	Depreciation	\$	
	g+	Amortization	\$	
	h+	Non-cash stock based compensation	\$	
\$				
i.	+	up to \$5,000,000 per fiscal year in acquisition related costs if paid in 6 months		
\$				
	j.	+	other acquisition related costs if paid in 6 months	\$
k.	+	costs related to initiatives intended to reduce costs, expenses, etc.		
	l.	=	EBITDA	\$
	A.	<u>Maximum Leverage Ratio (Section 7.4(A)).</u>		
		(1) Net Indebtedness of the Company and its consolidated Subsidiaries	\$	
		(2) EBITDA for the Last Twelve Month Period	\$	
(3)		"Leverage Ratio" (Ratio of (1) to (2)) (Maximum 3.50 to 1.00) ¹²		to 1.00
(4)		"Pricing Grid Leverage Ratio" (Ratio of (1) to (2)) ¹³		to 1.00
	B.	<u>Minimum Consolidated Net Worth (Section 7.4(B)).</u>		

¹² Under certain circumstances, as set forth in Section 7.4(A), the maximum may be 4.00 to 1.00.

¹³ Same calculation as (3) above except that, when determining the Unrestricted Domestic Cash Amount and Unrestricted Foreign Subsidiary Borrower Cash Amount components thereof, up to \$200,000,000 in the

¹⁴State whether Consolidated Net Worth (as defined) of the Company was less than the sum of \$1,156,000,000 plus on the last Business Day of each fiscal year, beginning with the fiscal year ending September 30, 2022, fifty percent (50%) of Net Income (if positive) for such fiscal year, plus fifty percent (50%) of the net cash proceeds resulting from the issuance by the Company of any Capital Stock (other than shares of Capital Stock issued pursuant to employee stock option or ownership plans).

Yes/No

Adjustments in the accumulated other comprehensive earnings accounts of the Company and its Subsidiaries that were excluded from the above-referenced determination of Consolidated Net Worth of the Borrower (not to exceed \$115,600,000)

\$

II. **OTHER MISCELLANEOUS PROVISIONS**

A. "Significant Domestic Incorporated Subsidiary" and "Significant Foreign Subsidiary" Classification (Definitions, Section 7.2(f)).

Identify on Exhibit A hereto each Significant Domestic Incorporated Subsidiary of the Company and each Significant Foreign Subsidiary of the Foreign Subsidiary Borrowers.

¹⁴ Tested until the Financial Covenant Trigger Date.

SCHEDULE A TO
SCHEDULE 1 of COMPLIANCE CERTIFICATE

EXHIBIT A TO
SCHEDULE 1 of COMPLIANCE CERTIFICATE

**EXHIBIT L-1 TO
CREDIT AGREEMENT**

Domestic Subsidiary Guaranty

SECOND AMENDED AND RESTATED SUBSIDIARY GUARANTY

THIS SECOND AMENDED AND RESTATED SUBSIDIARY GUARANTY (as the same may be amended, restated, supplemented or otherwise modified from time to time, this "Guaranty") is made as of October 21, 2022, by each of MPC Products Corporation and Woodward HRT, Inc. (the "Initial Guarantors") and together with any additional Significant Domestic Incorporated Subsidiaries which become parties to this Guaranty by executing a Supplement hereto in the form attached hereto as Annex 1, the "Guarantors"), in favor of Wells Fargo Bank, National Association, as Administrative Agent (the "Administrative Agent") for the benefit of the Lenders under the below-described Credit Agreement. Each capitalized term used herein and not defined herein shall have the meaning ascribed thereto in the Credit Agreement.

WITNESSETH:

WHEREAS, Woodward, Inc., a Delaware corporation (the "Company"), has entered into that certain Amended and Restated Credit Agreement, dated as of June 19, 2019 (as the same may have been amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement"), by and among the Company and the Foreign Subsidiary Borrowers party thereto (together, the "Borrowers" and each individually a "Borrower"), the financial institutions from time to time party thereto (the "Lenders") and the Administrative Agent;

WHEREAS, the Initial Guarantors have previously entered into that certain Subsidiary Guaranty, dated as of July 10, 2013, as amended and restated by that certain Amended and Restated Guaranty, dated as of June 19, 2019 (as further amended, restated, supplemented or otherwise modified prior to the date hereof, the "Existing Guaranty"), in favor of the Lenders and the Administrative Agent with respect to the obligations of the Company under the Existing Credit Agreement;

WHEREAS, the Company, the Lenders and the Administrative Agent have agreed to amend and restate the Existing Credit Agreement in its entirety and in connection therewith have entered into that certain Second Amended and Restated Credit Agreement (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), dated as of the date hereof, by and among the Borrowers, the Lenders and the Administrative Agent, which Credit Agreement provides, subject to the terms and conditions of the Credit Agreement, for extensions of credit and other financial accommodations by the Lenders to the Borrowers;

WHEREAS, it is a condition precedent to the extensions of credit by the Lenders under the Credit Agreement that each of the Guarantors (constituting all of the Significant Domestic Incorporated Subsidiaries of the Company required to execute this Guaranty pursuant to Section 7.2(f) of the Credit Agreement) execute and deliver this Guaranty, whereby each of the Guarantors, without limitation and with full recourse, shall guarantee the payment when due of all of the Obligations, including, without limitation, all principal, interest, letter of credit reimbursement obligations and other amounts that shall be at any time payable by the Company under the Credit Agreement or the other Loan Documents, and

WHEREAS, in consideration of the direct and indirect financial and other support that the Borrowers have provided, and such direct and indirect financial and other support as the Borrowers may in the future provide, to the Guarantors, and in order to induce the Lenders and the Administrative Agent to enter into the Credit Agreement, the Initial Guarantors have agreed to amend and restate the Existing Guaranty pursuant to this Guaranty and each of the Guarantors is willing to guarantee the Obligations under the Credit Agreement and the other Loan Documents;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Representations, Warranties and Covenants. In order to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to make the Loans and the other financial accommodations to the Borrowers and to issue the Letters of Credit described in the Credit Agreement, each of the Guarantors represents and warrants to each Lender and the Administrative Agent as of the date of this Guaranty, giving effect to the consummation of the transactions contemplated by the Loan Documents on the Closing Date, and thereafter on each date as required by Section 5.2 of the Credit Agreement that:

(a) It is a corporation, limited liability company, or partnership, organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (i) is duly qualified to do business as a legal entity and is in good standing under the laws of each jurisdiction in which it does business, except for any such jurisdiction where the failure to be so qualified and in good standing would not reasonably be expected to have a Material Adverse Effect, and (ii) has all requisite power and authority to own, operate and conduct its property and to conduct its business as presently conducted and as proposed to be conducted.

(b) It has the power and authority to execute and deliver the Guaranty and to perform its obligations hereunder. The execution and delivery by it of this Guaranty and the performance by it of its obligations hereunder has been duly authorized by proper corporate, limited liability company or partnership proceedings, and the Guaranty constitutes a legal, valid and binding obligation of each Guarantor, enforceable against such Guarantor, in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of contracts in general.

(c) Neither the execution and delivery by it of this Guaranty, nor the consummation of any of the transactions contemplated or compliance by it with the terms and provisions hereof, will (i) conflict with the charter or other organizational documents of such Guarantor, (ii) conflict with, result in a breach of or constitute a default under any applicable law, rule, regulation, order, writ, judgment, injunction, decree or award, including, without limitation, any environmental, property transfer, labor or regulatory (applicable to such Guarantor or any provision of any federal, state or municipal agreement to which such Guarantor is party or subject, or any other instrument or arrangement (i) issued to or required to be entered into by such Guarantor, (ii) law which is or may in the future become applicable to such Guarantor or (iii) require any approval of such Guarantor should of directors, shareholders, partners or affiliates, except as such has been obtained. The execution, delivery and performance by the Guarantors of each of the Loan Documents to which such Guarantor is a party do not and will not require any

registration with, consent or approval of, or notice to, or other action to, with or by any governmental authority, including under any environmental property transfer laws or regulations, except filings, consents or notices which have been made, obtained or given, or which, if not made, obtained or given, individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect.

(d)

~~It has no liabilities other than liabilities permitted under Section 7.3(d) of the Credit Agreement.~~

In addition to the foregoing, each of the Guarantors covenants that, so long as any Lender has any Revolving Loan Commitment or Letter of Credit outstanding under the Credit Agreement or any amount payable under the Credit Agreement or any other Obligations shall remain unpaid, it will, and, if necessary, will enable the Borrowers to, fully comply with those covenants and agreements of the Borrowers applicable to such Guarantor set forth in the Credit Agreement.

Section 2. The Guaranty. Each of the Guarantors hereby unconditionally guarantees, jointly and severally with the other Guarantors, the full and punctual payment and performance when due (whether at stated maturity, upon acceleration or otherwise) of the Obligations, including, without limitation, (i) the principal and interest on each Advance made pursuant to the Credit Agreement, (ii) any Reimbursement Obligations or the performance of such Reimbursement Obligations, (iii) all other amounts payable by the Company under the Credit Agreement and the other Loan Documents, including, without limitation, all Hedging Obligations (subject to the proviso in the second sentence of the definition of "Obligations"), and (iv) the punctual and faithful performance, keeping, observance, and fulfillment of all of the agreements, conditions, covenants, and obligations contained in the Loan Documents (all of the foregoing being referred to collectively as the "Guaranteed Obligations"). Upon failure by any Borrower to pay punctually any such amount or perform such obligation, each of the Guarantors agrees that it shall forthwith on demand pay such amount or perform such obligation at the place and in the manner specified in the Credit Agreement or the relevant Loan Document, as the case may be. Each of the Guarantors hereby agrees that this Guaranty is an absolute, irrevocable and unconditional guaranty of payment and is not a guaranty of collection.

Section 3. Guaranty Unconditional. The obligations of each of the Guarantors hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

- (i) any extension, renewal, settlement, indulgence, compromise, waiver or release of or with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto, or with respect to any obligation of any other guarantor of any of the Guaranteed Obligations, whether (in any such case) by operation of law or otherwise, or any failure or omission to enforce any right, power or remedy with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto, or with respect to any obligation of any other guarantor of any of the Guaranteed Obligations;

(f) any modification or amendment of or supplement to the Credit Agreement, any Hedging Agreement or any other Loan Document, including, without limitation, any such amendment which may increase the amount of, or the interest rates applicable to, any of the Guaranteed Obligations guaranteed hereby;

(g) any change in the corporate, partnership, limited liability company or other existence, structure or ownership of any Borrower or any other guarantor of any of the Guaranteed Obligations, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Borrower or any other guarantor of the Guaranteed Obligations, or any of their respective assets or any resulting release or discharge of any obligation of any Borrower or any other guarantor of any of the Guaranteed Obligations;

(h) the existence of any claim, suit or other right which the Guarantors may have against any Borrower or any guarantor of any of the Guaranteed Obligations, the Administrative Agent, any Lender or any other Person, whether or not in connection with any indebtedness or obligation of any such claim to, or against any such Person;

(i) the filing of any petition for reorganization or liquidation of any Borrower or any guarantor of any of the Guaranteed Obligations, or any petition for relief from the bankruptcy estate of any Borrower or any guarantor of any of the Guaranteed Obligations, or any petition for relief from the bankruptcy estate of any Borrower or any guarantor of any of the Guaranteed Obligations, or any petition for relief from the bankruptcy estate of any Borrower or any guarantor of any of the Guaranteed Obligations, for any reason related to the Credit Agreement, any Hedging Agreement, any other Loan Document or any provision applicable to or relating to any indebtedness or obligation of any Borrower or any guarantor of any of the Guaranteed Obligations;

(j) the election by, or on behalf of, any one or more of the Lenders, in any proceeding instituted under Title 11 of the United States Code (11 U.S.C. 101 et seq.) (the "Bankruptcy Code"), of the application of Section 1111(b)(2) of the Bankruptcy Code;

(k) any borrowing or grant of a security interest by any Borrower as debtor-in-possession, under Section 364 of the Bankruptcy Code, or any other borrowing or grant of a security interest by any Borrower or any guarantor of any of the Guaranteed Obligations, or any other borrowing or grant of a security interest by any Borrower or any guarantor of any of the Guaranteed Obligations, or any other borrowing or grant of a security interest by any Borrower or any guarantor of any of the Guaranteed Obligations;

(l) any change in the terms, conditions, or substance of any of the Guaranteed Obligations, or any other change in the terms, conditions, or substance of any of the Guaranteed Obligations;

(v) any other action or instrument or deed or any kind by any Borrower, any other guarantor of the Guaranteed Obligations, the Administrative Agent, any Lender or any other person or any other circumstance whatsoever which might, but for the provisions of this Section 3, constitute a release or discharge of any Guarantor's obligations hereunder.

(xi) any release, surrender, compromise, settlement, waiver, subordination or modification, with or without consideration, of any collateral securing the Guaranteed Obligations or any part thereof, any other guaranties with respect to the Guaranteed Obligations or any part thereof, or any other obligation of any person or entity with respect to the Guaranteed Obligations or any part thereof, or any nonperfection or invalidity of any direct or indirect security for the Guaranteed Obligations.

Section 4. Discharge Only Upon Payment in Full - Reinstatement in Certain Circumstances. Each Guarantor's obligations hereunder shall remain in full force and effect until all of the Guaranteed Obligations shall have been paid in full in cash and the Revolving Loan Commitments and all Letters of Credit issued under the Credit Agreement shall have terminated or expired. Notwithstanding the foregoing, if a Guarantor no longer constitutes a Significant Domestic Incorporated Subsidiary, upon the Company's written certification thereof to the Agent, the Agent shall release such Person from the duties and requirements of a Guarantor under this Guaranty; provided, however, that such Person shall remain liable for all Guaranteed Obligations which arose during the period such Person constituted a Guarantor; provided, further, that if such Person subsequently constitutes a Significant Domestic Incorporated Subsidiary, such Person shall be required to execute and deliver a Supplement hereto. If at any time any payment of the principal of or interest on any Advance or Reimbursement Obligation or any other amount payable under the Credit Agreement, any Hedging Agreement or any other Loan Document (including a payment exercised through a right of setoff) is rescinded or is or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of any Borrower or otherwise (including pursuant to any settlement entered into by the Administrative Agent or any Lender, in each case in its discretion), each of the Guarantors' obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

Section 5. General Waivers - Additional Waivers

(A) General Waivers Each of the Guarantors hereby waives acceptance of present, demand or continuing payment, protest, forbearance, status of limitation and of full set-off permitted by law, any notice provided for herein, as well as any requirement that any security be held by any Person, as guarantor of the Guaranteed Obligations, or any of the Person.

(B) Additional Waivers Notwithstanding anything to the contrary, each of the Guarantors hereby absolutely, unconditionally, exclusively and irrevocably waives:

(i) any right it may have to revoke this Guaranty as to future indebtedness or notice of acceptance hereof.



(ii) (1) notice of acceptance hereof; (2) notice of any loans or other financial accommodations made or extended under the Loan Documents or the creation or existence of any Guaranteed Obligations; (3) notice of the amount of the Guaranteed Obligations, subject, however, to each Guarantor's right to make inquiry of the Administrative Agent and the Lenders to ascertain the amount of the Guaranteed Obligations at any reasonable time; (4) notice of any adverse change in the financial condition of any Borrower or of any other fact that might increase such Guarantor's risk hereunder; (5) notice of presentment for payment, demand, protest, and notice thereof as to any instruments among the Loan Documents; (6) notice of any Unmatured Default or Default; and (7) all other notices (except if such notice is specifically required to be given to such Guarantor hereunder or under the Loan Documents) and demands to which each Guarantor might otherwise be entitled;

(iii) its right, if any, to require the Administrative Agent and the Lenders to institute suit against, or to exhaust any rights and remedies which the Administrative Agent and the Lenders have or may have against, the other Guarantors or any third party, or against any collateral provided by the other Guarantors or any third party; and each Guarantor further waives any defense arising by reason of any disability or other defense (other than the defense that the Guaranteed Obligations shall have been fully and finally performed and indefeasibly paid) of the other Guarantors or by reason of the cessation from any cause whatsoever of the liability of the other Guarantors in respect thereof;

(iv) (a) any rights to assert against the Administrative Agent and the Lenders any defense (legal or equitable), set-off, counterclaim, or claim which such Guarantor may now or at any time hereafter have against the other Guarantors or any other party liable to the Administrative Agent and the Lenders; (b) any defense, set-off, counterclaim or claim, of any kind or nature, arising directly or indirectly from the present or future lack of perfection, sufficiency, validity or enforceability of the Guaranteed Obligations or any security therefor; (c) any defense such Guarantor has to performance hereunder, and any right such Guarantor has to be exonerated, arising by reason of the impairment or suspension of the Administrative Agent's and the Lenders' rights or remedies against the other Guarantors; the alteration by the Administrative Agent and the Lenders of the Guaranteed Obligations; any discharge of the other Guarantors' obligations to the Administrative Agent and the Lenders by operation of law as a result of the Administrative Agent's and the Lenders' intervention or omission; or the acceptance by the Administrative Agent and the Lenders of anything in partial satisfaction of the Guaranteed Obligations; and (d) the benefit of any statute of limitations affecting such Guarantor's liability hereunder or the enforcement thereof, and any act which shall defer or delay the operation of any statute of limitations applicable to the Guaranteed Obligations shall similarly operate to defer or delay the operation of such statute of limitations applicable to such Guarantor's liability hereunder; and

(v) any defense arising by reason of or deriving from (a) any claim or defense based upon an election of remedies by the Administrative Agent and the Lenders; or (b) any election by the Administrative Agent and the Lenders under Section 1111(b) of the Bankruptcy Code to limit the amount of, or any collateral securing, its claim against the Guarantors.

(b) As of any date of determination, the "Allocable Amount" of any Guarantor shall be equal to the excess of the fair market value of the property of such Guarantor over the total liabilities of such Guarantor (including the maximum amount reasonably expected to become due in respect of contingent liabilities, calculated without duplication, assuming each of the guarantors that is subject to this charging priority is satisfied by the proceeds of a liquidation payment made by other Guarantors of such debt in a manner to minimize the amount of such contributions.

(c) The Section 7 is intended only to define the relative rights of the Guarantors, and nothing set forth in the Section 7 is intended to or shall impair the obligations of the Guarantors jointly and severally to pay any amounts as and when the same shall become due and payable in accordance with the terms of the Guaranty.

(d) The parties hereto acknowledge that the rights of contribution hereunder shall consist of the Guarantor or Guarantors who has contributed to and its contribution is owing.

(e) The rights of the contributing Guarantors against other Guarantors under the Section 7 shall be exercisable upon the full and irrevocable payment of the Guarantor's Obligations in cash and the termination or expiry of the Revolving Loan Commitments and all Letters of Credit issued under the Credit Agreement.

Section 8. Stay of Acceleration. If acceleration of the time for payment of any amount payable by any Borrower under the Credit Agreement, any Hedging Agreement or any other Loan Document is stayed upon the insolvency, bankruptcy or reorganization of any Borrower or any of its Affiliates, all such amounts otherwise subject to acceleration under the terms of the Credit Agreement, any Hedging Agreement or any other Loan Document shall nonetheless be payable by each of the Guarantors hereunder forthwith on demand by the Administrative Agent.

Section 9. Notices. All notices, requests and other communications to any party hereunder shall be given in the manner prescribed in Article XIV of the Credit Agreement, with respect to the Administrative Agent at its notice address therein and with respect to any Guarantor at the address set forth below or such other address or telecopy number as such party may hereafter specify for such purpose by notice to the Administrative Agent in accordance with the provisions of such Article XIV.

Notice Address for Guarantors:

c/o Woodward, Inc. 1081 Woodward Way Ft.
Collins, CO 80524 Phone: (970) 498-3580

Section 10. No Waivers. No failure or delay by the Administrative Agent or any Lender in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Guaranty, the Credit Agreement, any Hedging Agreement and the other Loan Documents shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 11. Successors and Assigns. This Guaranty is for the benefit of the Administrative Agent and the Lenders and their respective successors and permitted assigns, provided, that no Guarantor shall have any right to assign its rights or obligations hereunder without the consent of all of the Lenders, and any such assignment in violation of this Section 11 shall be null and void; and in the event of an assignment of any amounts payable under the Credit Agreement, any Hedging Agreement or the other Loan Documents in accordance with the respective terms thereof, the rights hereunder, to the extent applicable to the indebtedness so assigned, may be transferred with such indebtedness. This Guaranty shall be binding upon each of the Guarantors and their respective successors and assigns.

Section 12. Changes in Writing. Other than in connection with the addition of additional Significant Domestic Incorporated Subsidiaries, which shall become parties hereto by executing a Supplement hereto in the form attached as Annex C, or the release of a Guarantor from its duties and obligations under this Guaranty as described in Section 4 upon such Guarantor's failure to constitute a Significant Domestic Incorporated Subsidiary, which release need be signed only by such Guarantor and the Administrative Agent, this Guaranty and any provision hereof may be changed, waived, discharged or terminated only in a writing signed by each of the Guarantors and the Administrative Agent with the consent of the Required Lenders under the Credit Agreement (or all of the Lenders if required pursuant to the terms of Section 9.2 of the Credit Agreement).

Section 13. GOVERNING LAW. ANY DISPUTE BETWEEN ANY GUARANTOR AND THE ADMINISTRATIVE AGENT OR ANY LENDER ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG SUCH GUARANTOR, THE ADMINISTRATIVE AGENT AND THE LENDERS IN CONNECTION WITH THIS GUARANTY OR ANY OF THE OTHER LOAN DOCUMENTS, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE **RESOLVED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.**

Section 14. CONSENT TO JURISDICTION; SERVICE OF PROCESS; JURY TRIAL.

(A) **EXCLUSIVE JURISDICTION.** EACH GUARANTOR HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT AND EACH GUARANTOR HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH ACTION OR PROCEEDING BROUGHT IN SUCH COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST ANY GUARANTOR IN THE COURTS OF ANY OTHER JURISDICTION ANY JUDICIAL PROCEEDING BY ANY GUARANTOR AGAINST THE ADMINISTRATIVE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, OR RELATED TO, OR CONNECTED WITH THIS GUARANTY OR ANY OTHER LOAN DOCUMENTS SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK CITY, NEW YORK.

(B) **SERVICE OF PROCESS.** EACH GUARANTOR WAIVES PERSONAL SERVICE

OF ANY PROCESS UPON IT AND IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY WRITS, PROCESS OR SUMMONSES IN ANY SUIT, ACTION OR PROCEEDING BY THE MAILING THEREOF BY THE ADMINISTRATIVE AGENT OR ANY LENDER BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH GUARANTOR ADDRESSED AS PROVIDED HEREIN. NOTHING HEREIN SHALL IN ANY WAY BE DEEMED TO LIMIT THE ABILITY OF THE ADMINISTRATIVE AGENT OR ANY LENDER TO SERVE ANY SUCH WRITS, PROCESS OR SUMMONSES IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(C) WAIVER OF TRIAL. EACH GUARANTOR AND THE ADMINISTRATIVE AGENT FOR ITSELF AND FOR THE LENDERS, IRREVOCABLY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, ARISING OUT OF OR CONNECTED WITH RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH EACH GUARANTOR AND THE ADMINISTRATIVE AGENT FOR ITSELF AND FOR THE LENDERS, AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY GUARANTOR, THE ADMINISTRATIVE AGENT OR ANY LENDER MAY FILE AN ORIGINAL COUNTERPART OR COPY OF THIS GUARANTY WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF SUCH PARTIES TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(D) ADVICE OF COUNSEL. EACH OF THE PARTIES REPRESENTS TO EACH OTHER PARTY HERETO THAT IT HAS DISCUSSED THIS AGREEMENT AND SPECIFICALLY THE PROVISIONS OF THIS SECTION WITH ITS COUNSEL.

Section 15. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Guaranty. In the event an ambiguity or question of intent or interpretation arises, this Guaranty shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Guaranty.

Section 16. Expenses of Enforcement, Etc. Subject to the terms of the Credit Agreement, after the occurrence of a Default under the Credit Agreement, the Lenders shall have the right at any time to direct the Administrative Agent to commence enforcement proceedings with respect to the Guaranteed Obligations. The Guarantors agree to reimburse the Administrative Agent and the Lenders for any costs and out-of-pocket expenses (including reasonable attorneys' fees and time charges of attorneys for the Administrative Agent and the Lenders), paid or incurred by the Administrative Agent or any Lender in connection with the collection and enforcement of amounts due under the Loan Documents, including without limitation this Guaranty. The Administrative Agent agrees to distribute payments received from any of the Guarantors hereunder to the Lenders on a pro rata basis for application in accordance with the terms of the Credit Agreement.

Section 17. Setoff. At any time after all or any part of the Guaranteed Obligations have become due and payable (by acceleration or otherwise), each Lender and the Administrative Agent may, without notice to any Guarantor and regardless of the acceptance of any security or collateral for the payment hereof, appropriate and apply toward the payment of all or any part of the Guaranteed Obligations (i) any

indebtedness due or to become due from such Lender or the Administrative Agent to any Guarantor, and
(ii) any moneys, credits or other property belonging to any Guarantor, at any time held by or coming into the possession of such Lender or the Administrative Agent or any of their respective affiliates.

Section 18. Financial Information. Each Guarantor hereby assumes responsibility for keeping itself informed of the financial condition of each Borrower, the other Guarantors and any and all endorsers and/or other guarantors of all or any part of the Guaranteed Obligations, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations, or any part thereof, that diligent inquiry would reveal, and each Guarantor hereby agrees that none of the Lenders or the Administrative Agent shall have any duty to advise such Guarantor of information known to any of them regarding such condition or any such circumstances. In the event any Lender or the Administrative Agent, in its sole discretion, undertakes at any time or from time to time to provide any such information to a Guarantor, such Lender or the Administrative Agent shall be under no obligation (i) to undertake any investigation not a part of its regular business routine, (ii) to disclose any information which such Lender or the Administrative Agent, pursuant to accepted or reasonable commercial finance or banking practices, wishes to maintain confidential, (iii) to make any other or future disclosures of such information or any other information to such Guarantor or (iv) to provide any such information to any other Guarantor.

Section 19. Severability. Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

Section 20. Merger. This Guaranty represents the final agreement of each of the Guarantors with respect to the matters contained herein and may not be contradicted by evidence of prior or contemporaneous agreements, or subsequent oral agreements, between the Guarantor and any Lender or the Administrative Agent.

Section 21. Headings. Section headings in this Guaranty are for convenience of reference only and shall not govern the interpretation of any provision of this Guaranty.

Section 22. Amendment and Restatement. Each Initial Guarantor affirms its duties and obligations under the terms and conditions of the Existing Guaranty, and agrees that its guaranty of the repayment of the Company's obligations outstanding under the Existing Credit Agreement, as amended and restated as of the date hereof by the Credit Agreement, remains in full force and effect and is hereby ratified, reaffirmed and confirmed. Each Initial Guarantor acknowledges and agrees with the Administrative Agent that the Existing Guaranty is amended, restated, and superseded in its entirety pursuant to the terms hereof. This Guaranty is not intended to and shall not constitute a novation of the Existing Guaranty.

Section 23. Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Guarantor to honor all of its obligations under this Guaranty in respect of Hedging Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 23 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 23 or otherwise under this Guaranty voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section 23 shall remain in full force and effect until the termination of this Guaranty with respect to such Guarantor in accordance with Section 4. Each Qualified ECP Guarantor intends that this Section 23 constitute, and this Section 23 shall be deemed to constitute, a

"keepwell, support, or other agreement" for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

For purposes of this Section 23, "Qualified ECP Guarantor" means, in respect of any Hedging Obligation, each Guarantor that has total assets exceeding \$10,000,000 at the time the relevant guaranty or grant of the relevant security interest becomes or would become effective with respect to such Hedging Obligation or such other Person as constitutes an ECP and can cause another Person to qualify as an ECP at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

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IN WITNESS WHEREOF, each Initial Guarantor has caused this Guaranty to be duly executed by its authorized officer as of the day and year first above written.

MPC PRODUCTS CORPORATION, operating under the assumed corporate name of WOODWARD MPC, INC., as an Initial Guarantor

By:
Name:
Title:

WOODWARD HRT, INC.

By:
Name:
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By: Name:
Its:

ANNEX I TO GUARANTY

Reference is hereby made to the Second Amended and Restated Subsidiary Guaranty (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Guaranty"), dated as of October 21, 2022, made by MPC Products Corporation and Woodward HRI, Inc. (the "Initial Guarantors"), and together with any additional Significant Domestic Incorporated Subsidiaries which become parties to the Guaranty by executing a Supplement thereto substantially similar in form and substance hereto, the "Guarantors"), in favor of the Administrative Agent, for the ratable benefit of the Lenders under the Credit Agreement. Each capitalized term used herein and not defined herein shall have the meaning given to it in the Guaranty. By its execution below, the undersigned, [NAME OF NEW GUARANTOR], a [corporation] [partnership] [limited liability company], agrees to become, and does hereby become, a Guarantor under the Guaranty and agrees to be bound by such Guaranty as if originally a party thereto. By its execution below, the undersigned represents and warrants as to itself that all of the representations and warranties contained in Section 1 of the Guaranty are true and correct in all respects as of the date hereof.

IN WITNESS WHEREOF, [NAME OF NEW GUARANTOR], a [corporation]

[partnership] [limited liability company] has executed and delivered this Annex I counterpart to the Guaranty as of this _____ day of _____, 20____.

[NAME OF NEW GUARANTOR]

By: _____ Title: _____

**EXHIBIT 1-2 TO
CREDIT AGREEMENT**

Form of Foreign Subsidiary Guaranty

FOREIGN SUBSIDIARY GUARANTY

THIS FOREIGN SUBSIDIARY GUARANTY (as the same may be amended, restated, supplemented or otherwise modified from time to time, this "Guaranty") is made as of [], 20[] by [], a [] (the "Initial Guarantor", and together with any additional Significant Foreign Subsidiaries of [], a [] (the "Foreign Parent Borrower"), which become parties to this Guaranty by executing a Supplement hereto in the form attached hereto as Annex 1, the "Guarantors"), in favor of Wells Fargo Bank, National Association, as Administrative Agent (the "Administrative Agent") for the benefit of the Lenders under the below-described Credit Agreement. Each capitalized term used herein and not defined herein shall have the meaning ascribed thereto in the Credit Agreement.

WITNESSETH:

WHEREAS, Woodward, Inc., a Delaware corporation (the "Company"), has entered into that certain Second Amended and Restated Credit Agreement (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), dated as of October 21, 2022, by and among the Company and the Foreign Subsidiary Borrowers parties thereto (together, the "Borrowers" and each individually, a "Borrower"), the financial institutions from time to time parties thereto (the "Lenders") and the Administrative Agent, which Credit Agreement provides, subject to the terms and conditions of the Credit Agreement, for extensions of credit and other financial accommodations by the Lenders to the Borrowers;

WHEREAS, it is a condition precedent to the extensions of credit by the Lenders under the Credit Agreement that each of the Guarantors (constituting all of the Significant Foreign Subsidiaries of the Foreign Parent Borrower required to execute this Guaranty pursuant to Section 2.2(1) of the Credit Agreement) execute and deliver this Guaranty, whereby each of the Guarantors, without limitation and with full recourse, shall guarantee the payment when due of all of the Obligations, including, without limitation, all principal, interest, letter of credit reimbursement obligations and other amounts that shall be at any time payable by the Foreign Parent Borrower under the Credit Agreement or the other Loan Documents; and

WHEREAS, in consideration of the direct and indirect financial and other support that the Foreign Parent Borrower has provided, and such direct and indirect financial and other support as the Foreign Parent Borrower may in the future provide to the Guarantors, and in order to induce the Lenders and the Administrative Agent to enter into the Credit Agreement, each of the Guarantors is willing to guarantee the applicable Obligations;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Representations, Warranties and Covenants. In order to induce the Administrative Agent and the Lenders to enter into the Credit Agreement and to make the Loans and the other financial accommodations to the Foreign Parent Borrower and to issue the Letters of Credit described in the Credit Agreement, each of the Guarantors represents and warrants to each Lender and the

Administrative Agent as of the date of this Guaranty, giving effect to the consummation of the transactions contemplated by the Loan Documents on the Closing Date, and thereafter on each date as required by Section 5.2 of the Credit Agreement that:

(a) It (i) is a corporation, limited liability company, or partnership duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (ii) is duly qualified to do business as a foreign entity and, if applicable, is in good standing under the laws of each jurisdiction in which it does business, except for any such jurisdiction where the failure to be so qualified and in good standing could not reasonably be expected to have a Material Adverse Effect, and (iii) has all requisite power and authority to own, operate and encumber its property and to conduct its business as presently conducted and as proposed to be conducted.

(b) It has the power and authority to execute and deliver this Guaranty and to perform its obligations hereunder. The execution and delivery by it of this Guaranty and the performance by it of its obligations hereunder have been duly authorized by proper corporate, limited liability company or partnership proceedings, and this Guaranty constitutes a legal, valid and binding obligation of each Guarantor, enforceable against such Guarantor, in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

(c) Neither the execution and delivery by it of this Guaranty, nor the consummation by it of the transactions herein contemplated, nor compliance by it with the terms and provisions hereof, will (i) conflict with the charter or other organizational documents of such Guarantor, (ii) conflict with, result in a breach of or constitute (with or without notice or lapse of time or both) a default under any law, rule, regulation, order, writ, judgment, injunction, decree or award (including, without limitation, any environmental property transfer laws or regulations) applicable to such Guarantor or any provisions of any indenture, instrument or material agreement to which such Guarantor is party or is subject, or require termination of any such indenture, instrument or material agreement, (iii) result in or require the creation or imposition of any Lien whatsoever upon any of the property or assets of the Guarantor or (iv) require any approval of such Guarantor's board of directors, shareholders, partners or unitholders except such as have been obtained. The execution, delivery and performance by the Guarantors of each of the Loan Documents to which such Guarantor is a party do not and will not require any registration with, consent or approval of, or notice to, or other action to, with or by any governmental authority, including under any environmental property transfer laws or regulations, except filings, consents or notices which have been made, obtained or given, or which, if not made, obtained or given, individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect.

(d) It has no Indebtedness other than Indebtedness permitted under Section 7.3(A) of the Credit Agreement.

In addition to the foregoing, each of the Guarantors covenants that, so long as any Lender has any Revolving Loan Commitment or Letter of Credit outstanding under the Credit Agreement or any amount payable under the Credit Agreement or any other Obligations of the Foreign Parent Borrower shall remain unpaid, it will, and, if necessary, will enable the Foreign Parent Borrower to, fully comply with those covenants and agreements of the Foreign Parent Borrower applicable to such Guarantor set forth in the Credit Agreement.

Section 2. The Guaranty. Each of the Guarantors hereby unconditionally guarantees, jointly and severally with the other Guarantors of the Obligations of the Foreign Parent Borrower, the full and punctual payment and performance when due (whether at stated maturity, upon acceleration or otherwise) of the Foreign Parent Borrower's Obligations, including, without limitation, (i) the principal of and interest on each Advance made to the Foreign Parent Borrower pursuant to the Credit

Agreement, (ii) any Reimbursement Obligations of the Foreign Parent Borrower or the performance by the Foreign Parent Borrower of such Reimbursement Obligations, (iii) all other amounts payable by the Foreign Parent Borrower under the Credit Agreement and the other Loan Documents, including, without limitation, all Hedging Obligations (subject to the proviso in the second sentence of the definition of "Obligations"), and (iv) the punctual and faithful performance, keeping, observance, and fulfillment by the Foreign Parent Borrower of all of the agreements, conditions, covenants, and obligations of the Foreign Parent Borrower contained in the Loan Documents (all of the foregoing being referred to collectively as the "Guaranteed Obligations"). Upon failure by the Foreign Parent Borrower to pay punctually any such amount or perform such obligation, each of the Guarantors agrees that it shall forthwith on demand pay such amount or perform such obligation at the place and in the manner specified in the Credit Agreement or the relevant Loan Document, as the case may be. Each of the Guarantors hereby agrees that this Guaranty is an absolute, irrevocable and unconditional guaranty of payment and is not a guaranty of collection.

Section 3. Guaranty Unconditional. The obligations of each of the Guarantors hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

- (i) any extension, renewal, settlement, indulgence, compromise, waiver or release of or with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto, or with respect to any obligation of any other guarantor of any of the Guaranteed Obligations, whether (in any such case) by operation of law or otherwise, or any failure or omission to enforce any right, power or remedy with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto, or with respect to any obligation of any other guarantor of any of the Guaranteed Obligations;
- (ii) any modification or amendment of or supplement to the Credit Agreement, any Hedging Agreement or any other Loan Document, including, without limitation, any such amendment which may increase the amount of, or the interest rates applicable to, any of the Guaranteed Obligations guaranteed hereby;
- (iii) any change in the corporate, partnership, limited liability company or other existence, structure or ownership of the Foreign Parent Borrower or any other guarantor of any of the Guaranteed Obligations, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Foreign Parent Borrower or any other guarantor of any of the Guaranteed Obligations, or any of their respective assets or any resulting release or discharge of any obligation of the Foreign Parent Borrower or any other guarantor of any of the Guaranteed Obligations;
- (iv) the existence of any claim, setoff or other rights which the Guarantors may have at any time against the Foreign Parent Borrower, any other guarantor of any of the Guaranteed Obligations, the Administrative Agent, any Lender or any other Person, whether in connection herewith or in connection with any unrelated transactions, *provided* that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;
- (v) the enforceability or validity of the Guaranteed Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to the collateral, if any, securing the Guaranteed Obligations or any part thereof, or any other invalidity or unenforceability relating to or against the Foreign Parent Borrower or any other guarantor of any of the Guaranteed Obligations, for any

reason related to the Credit Agreement, any Hedging Agreement, any other Loan Document or any provision of applicable law or regulation purporting to prohibit the payment by the Foreign Parent Borrower or any other guarantor of the Guaranteed Obligations, of any of the Guaranteed Obligations;

- (vi) the failure of the Administrative Agent to take any steps to perfect and maintain any security interest in, or to preserve any rights to, any security or collateral for the Guaranteed Obligations, if any;
- (vii) the election by, or on behalf of, any one or more of the Lenders, in any proceeding instituted under Title 11 of the United States Code (11 U.S.C. 101 et seq.) (the "Bankruptcy Code"), of the application of Section 1111(b)(2) of the Bankruptcy Code;
- (viii) any borrowing or grant of a security interest by the Foreign Parent Borrower as debtor-in-possession, under Section 364 of the Bankruptcy Code;
- (ix) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of the claims of the Lenders or the Administrative Agent for repayment of all or any part of the Guaranteed Obligations;
- (x) the failure of any other guarantor to sign or become party to this Guaranty or any amendment, change, or reaffirmation hereof;
- (xi) any other act or omission to act or delay of any kind by the Foreign Parent Borrower, any other guarantor of the Guaranteed Obligations, the Administrative Agent, any Lender or any other Person or any other circumstance whatsoever which might, but for the provisions of this Section 3, constitute a legal or equitable discharge of any Guarantor's obligations hereunder; or
- (xii) any release, surrender, compromise, settlement, waiver, subordination or modification, with or without consideration, of any collateral securing the Guaranteed Obligations or any part thereof, any other guaranties with respect to the Guaranteed Obligations or any part thereof, or any other obligation of any person or entity with respect to the Guaranteed Obligations or any part thereof, or any nonperfection or invalidity of any direct or indirect security for the Guaranteed Obligations.

Section 4. Discharge Only Upon Payment In Full. Reinstatement In Certain Circumstances. Each Guarantor's obligations hereunder shall remain in full force and effect until all of the Guaranteed Obligations shall have been paid in full in cash and the Revolving Loan Commitments and all Letters of Credit issued under the Credit Agreement shall have terminated or expired. Notwithstanding the foregoing, if a Guarantor no longer constitutes a Significant Foreign Subsidiary, upon the Company's written certification thereof to the Agent, the Agent shall release such Person from the duties and requirements of a Guarantor under this Guaranty; provided, however, that such Person shall remain liable for all Guaranteed Obligations which arose during the period such Person constituted a Guarantor; provided, further, that if such Person subsequently constitutes a Significant Foreign Subsidiary, such Person shall be required to execute and deliver a Supplement hereto. If at any time any payment of the principal or interest on any Advance or Reimbursement Obligation or any other amount payable by the Foreign Parent Borrower or any other party under the Credit Agreement, any Hedging Agreement or any other Loan Document (including a payment exercised through a right of setoff) is rescinded or is or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Foreign Parent Borrower or otherwise (including pursuant to any settlement entered

into by the Administrative Agent or any Lender, in each case in its discretion), each of the Guarantors' obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

Section 5.

General Waivers-Additional Waivers

(A) General Waivers. Each of the Guarantors irrevocably waives acceptance hereof, presentment, demand or action on delinquency, protest, the benefit of any statutes of limitations and, to the fullest extent permitted by law, any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Foreign Parent Borrower, any other guarantor of the Guaranteed Obligations, or any other Person.

(B) Additional Waivers. Notwithstanding anything herein to the contrary, each of the Guarantors hereby absolutely, unconditionally, knowingly, and expressly waives:

- (i) any right it may have to revoke this Guaranty as to future indebtedness or notice of acceptance hereof;
- (ii) (1) notice of acceptance hereof; (2) notice of any loans or other financial accommodations made or extended under the Loan Documents or the creation or existence of any Guaranteed Obligations; (3) notice of the amount of the Guaranteed Obligations, subject, however, to each Guarantor's right to make inquiry of the Administrative Agent and the Lenders to ascertain the amount of the Guaranteed Obligations at any reasonable time; (4) notice of any adverse change in the financial condition of the Foreign Parent Borrower or of any other fact that might increase such Guarantor's risk hereunder; (5) notice of presentment for payment, demand, protest, and notice thereof as to any instruments among the Loan Documents; (6) notice of any Unmatured Default or Default; and (7) all other notices (except if such notice is specifically required to be given to such Guarantor hereunder or under the Loan Documents) and demands to which each Guarantor might otherwise be entitled;
- (iii) its right, if any, to require the Administrative Agent and the Lenders to institute suit against, or to exhaust any rights and remedies which the Administrative Agent and the Lenders have or may have against, the other Guarantors or any third party, or against any collateral provided by the other Guarantors or any third party; and each Guarantor further waives any defense arising by reason of any disability or other defense (other than the defense that the Guaranteed Obligations shall have been fully and finally performed and indefeasibly paid) of the other Guarantors or by reason of the cessation from any cause whatsoever of the liability of the other Guarantors in respect thereof;
- (iv) (a) any rights to assert against the Administrative Agent and the Lenders any defense (legal or equitable), set-off, counterclaim, or claim which such Guarantor may now or at any time hereafter have against the other Guarantors or any other party liable to the Administrative Agent and the Lenders; (b) any defense, set-off, counterclaim or claim, of any kind or nature, arising directly or indirectly from the present or future lack of perfection, sufficiency, validity or enforceability of the Guaranteed Obligations or any security therefor; (c) any defense such Guarantor has to performance hereunder, and any right such Guarantor has to be exonerated, arising by reason of the impairment or suspension of the Administrative Agent's and the Lenders' rights or remedies against the other Guarantors; the alteration by the Administrative Agent and the Lenders of the Guaranteed Obligations; any discharge of the other Guarantors' obligations to the Administrative Agent and the Lenders by operation of law as a result of the

Administrative Agent's and the Lenders' intervention or omission; or the acceptance by the Administrative Agent and the Lenders of anything in partial satisfaction of the Guaranteed Obligations; and (d) the benefit of any statute of limitations affecting such Guarantor's liability hereunder or the enforcement thereof, and any act which shall defer or delay the operation of any statute of limitations applicable to the Guaranteed Obligations shall similarly operate to defer or delay the operation of such statute of limitations applicable to such Guarantor's liability hereunder; and

(v) any defense arising by reason of or deriving from (a) any claim or defense based upon an election of remedies by the Administrative Agent and the Lenders; or (b) any election by the Administrative Agent and the Lenders under Section 1111(b) of the Bankruptcy Code to limit the amount of, or any collateral securing, its claim against the Guarantors.

Section 6. Subrogation; Subordination of Intercompany Indebtedness.

(a) **Subrogation.** The Guarantors, until the payment in full of the Guaranteed Obligations and the termination or expiration of the Revolving Loan Commitments and all Letters of Credit issued under the Credit Agreement, (i) shall have no right of subrogation with respect to such Guaranteed Obligations and (ii) waive any right to enforce any remedy which the Lenders or the Administrative Agent now have or may hereafter have against the Foreign Parent Borrower, any endorser or any guarantor of all or any part of the Guaranteed Obligations or any other Person, and the Guarantors waive any benefit of, and any right to participate in, any security or collateral that may from time to time be given to the Lenders and the Administrative Agent to secure the payment or performance of all or any part of the Guaranteed Obligations or any other liability of the Foreign Parent Borrower to the Lenders. Should any Guarantor have the right, notwithstanding the foregoing, to exercise its subrogation rights prior to the payment in full of the Guaranteed Obligations and the termination or expiration of the Revolving Loan Commitments and all Letters of Credit issued under the Credit Agreement, each Guarantor hereby expressly and irrevocably (A) subordinates any and all rights at law or in equity to subrogation, reimbursement, exoneration, contribution, indemnification or set off that such Guarantor may have to the payment in full in cash of the Guaranteed Obligations until the Guaranteed Obligations are paid in full in cash (other than contingent indemnity obligations) and (B) waives any and all defenses available to a surety, guarantor or accommodation co-obligor until the Guaranteed Obligations are paid in full in cash. Each Guarantor acknowledges and agrees that this subordination is intended to benefit the Administrative Agent and the Lenders and shall not limit or otherwise affect such Guarantor's liability hereunder or the enforceability of this Guaranty, and that the Administrative Agent, the Lenders and their respective successors and assigns are intended third party beneficiaries of the waivers and agreements set forth in this Section 6(a).

(b) **Subordination of Intercompany Indebtedness.** Each Guarantor agrees that any and all claims of such Guarantor against the Foreign Parent Borrower or any other Guarantor hereunder (each an "Obligor") with respect to any "Intercompany Indebtedness" (as hereinafter defined), with respect to any endorser, obligor or any other guarantor of all or any part of the Guaranteed Obligations, or against any of its properties shall be subordinate and subject in right of payment to the prior payment, in full and in cash, of all Guaranteed Obligations; provided that, and not in contravention of the foregoing, so long as no Default has occurred and is continuing any Guarantor may make loans to and receive payments in the ordinary course with respect to such Intercompany Indebtedness from the Foreign Parent Borrower or any other Guarantor to the extent permitted by the terms of this Guaranty and the other Loan Documents. Notwithstanding any right of any Guarantor to ask, demand, sue for, take or receive any payment from any Obligor, all rights, liens and security interests of such Guarantor, whether now or hereafter arising and howsoever existing, in any assets of any other Obligor shall be and are subordinated to any rights of the Lenders and the Administrative Agent in those assets. No Guarantor shall have any

right to possession of any such asset or to foreclose upon any such asset, whether by judicial action or otherwise, unless and until all of the Guaranteed Obligations (other than contingent indemnity obligations) shall have been fully paid and satisfied (in cash) and all Revolving Loan Commitments and Letters of Credit issued under the Credit Agreement have terminated or expired. If all or any part of the assets of any Obligor, or the proceeds thereof, are subject to any distribution, division or application to the creditors of such Obligor, whether partial or complete, voluntary or involuntary, and whether by reason of liquidation, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding, or if the business of any such Obligor is dissolved or if substantially all of the assets of any such Obligor are sold, then, and in any such event (such events being herein referred to as an "Insolvency Event"), any payment or distribution of any kind or character, either in cash, securities or other property, which shall be payable or deliverable upon or with respect to any indebtedness of any Obligor to any Guarantor (excluding, for the avoidance of doubt, any mandatory statutory claims of any Guarantor organized under German law for compensation of annual losses under a control or profit and loss pooling agreement (*Beherrschungs- oder Gewinnabführungsvertrag*) ("intercompany indebtedness") shall be paid or delivered directly to the Administrative Agent for application on any of the Guaranteed Obligations, due or to become due, until such Guaranteed Obligations (other than contingent indemnity obligations) shall have first been fully paid and satisfied (in cash). Should any payment, distribution, security or instrument or proceeds thereof be received by the applicable Guarantor upon or with respect to the Intercompany Indebtedness after any Insolvency Event and prior to the satisfaction of all of the Guaranteed Obligations (other than contingent indemnity obligations) and the termination or expiration of all Revolving Loan Commitments and Letters of Credit issued pursuant to the Credit Agreement, such Guarantor shall receive and hold the same in trust, as trustee, for the benefit of the Lenders and shall forthwith deliver the same to the Administrative Agent, for the benefit of the Lenders, in precisely the form received (except for the endorsement or assignment of the Guarantor where necessary), for application to any of the Guaranteed Obligations, due or not due, and, until so delivered, the same shall be held in trust by the Guarantor as the property of the Lenders. If any such Guarantor fails to make any such endorsement or assignment to the Administrative Agent, the Administrative Agent or any of its officers or employees is irrevocably authorized to make the same. Each Guarantor agrees that until the Guaranteed Obligations (other than the contingent indemnity obligations) have been paid in full (in cash) and satisfied and all Revolving Loan Commitments and Letters of Credit issued under the Credit Agreement have terminated or expired, no Guarantor will assign or transfer to any Person (other than the Administrative Agent or another Obligor) any claim any such Guarantor has or may have against any Obligor.

Section 7. Contribution with Respect to Guaranteed Obligations

(a) To the extent that any Guarantor shall make a payment under this Guaranty (a "Guarantor Payment") which, taking into account all other Guarantor Payments then previously or concurrently made by any other Guarantor, exceeds the amount which otherwise would have been paid by or attributable to such Guarantor if each Guarantor had paid the aggregate Guaranteed Obligations satisfied by such Guarantor Payment in the same proportion as such Guarantor's "Allocable Amount" (as defined below) (as determined immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of each of the Guarantors as determined immediately prior to the making of such Guarantor Payment, then, following payment in full in cash of the Guarantor Payment and the Guaranteed Obligations, and the termination or expiration of all Revolving Loan Commitments and Letters of Credit issued under the Credit Agreement, such Guarantor shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Guarantor for the amount of such excess, *pro rata* based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment. Notwithstanding any other provision of this Guaranty, the amount guaranteed by each Guarantor hereunder shall be limited to the extent, if any, required so that its obligations hereunder shall not be subject to avoidance under Section 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law.

In determining the limitations, if any, on the amount of any guarantor's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation, indemnification or contribution which such Guarantor may have under this Guaranty, any other agreement or applicable law shall be taken into account.

(b) As of any date of determination, the "Allocable Amount" of any Guarantor shall be equal to the excess of the fair saleable value of the property of such Guarantor over the total liabilities of such Guarantor (including the maximum amount reasonably expected to become due in respect of contingent liabilities, calculated, without duplication, assuming each other guarantor that is also liable for such contingent liability pays its ratable share thereof), giving effect to all payments made by other Guarantors as of such date in a manner to maximize the amount of such contributions.

(c) This Section 7 is intended only to define the relative rights of the Guarantors, and nothing set forth in this Section 7 is intended to or shall impair the obligations of the Guarantors, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Guaranty.

(d) The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of the Guarantor or Guarantors to which such contribution and indemnification is owing.

(e) The rights of the indemnifying Guarantors against other Guarantors under this Section 7 shall be exercisable upon the full and indefeasible payment of the Guaranteed Obligations in cash and the termination or expiry of the Revolving Loan Commitments and all Letters of Credit issued under the Credit Agreement.

Section 8. Stay of Acceleration. If acceleration of the time for payment of any amount payable by the Foreign Parent Borrower under the Credit Agreement, any Hedging Agreement or any other Loan Document is stayed upon the insolvency, bankruptcy or reorganization of the Foreign Parent Borrower, the Company or any of its Affiliates, all such amounts otherwise subject to acceleration under the terms of the Credit Agreement, any Hedging Agreement or any other Loan Document shall nonetheless be payable by each of the Guarantors hereunder forthwith on demand by the Administrative Agent.

Section 9. Limitation on Enforcement.¹⁵

The enforcement of the guarantee granted by any German Obligor will be limited in accordance with Section 16.2 of the Credit Agreement, which is hereby incorporated as if fully set forth herein, *mutatis mutandis*.

Section 10. Notices. Notices, requests and other communications to any party hereunder shall be given in the manner prescribed in Article XIV of the Credit Agreement, with respect to the Administrative Agent at its notice address therein and with respect to any Guarantor at the address set forth below or such other address or telecopy number as such party may hereafter specify for such purpose by notice to the Administrative Agent in accordance with the provisions of such Article XIV.

¹⁵ Additional provisions relating to certain jurisdictions to be determined

Notice Address for Guarantors:

c/o Woodward, Inc. 1081 Woodward Way Ft.
Collins, CO 80524

Attn: Donald J. Guzzardo
Vice President, Investor Relations and Phone: (970) 498-3580

Section 11. No Waivers. No failure or delay by the Administrative Agent or any Lender in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Guaranty, the Credit Agreement, any Hedging Agreement and the other Loan Documents shall be cumulative and not exclusive of any rights or remedies provided by law.

Section 12. Successors and Assigns. This Guaranty is for the benefit of the Administrative Agent and the Lenders and their respective successors and permitted assigns, provided that no Guarantor shall have any right to assign its rights or obligations hereunder without the consent of all of the Lenders, and any such assignment in violation of this Section 12 shall be null and void, and in the event of an assignment of any amounts payable under the Credit Agreement, any Hedging Agreement or the other Loan Documents in accordance with the respective terms thereof, the rights hereunder, to the extent applicable to the indebtedness so assigned, may be transferred with such indebtedness. This Guaranty shall be binding upon each of the Guarantors and their respective successors and assigns.

Section 13. Changes in Writing. Other than in connection with the addition of additional Significant Foreign Subsidiaries, which shall become parties hereto by executing a Supplement hereto in the form attached as Annex L or the release of a Guarantor from its duties and obligations under this Guaranty as described in Section 4 upon such Guarantor's failure to constitute a Significant Foreign Subsidiary, which release need be signed only by such Guarantor and the Administrative Agent, this Guaranty and any provision hereof may be changed, waived, discharged or terminated only in a writing signed by each of the Guarantors and the Administrative Agent with the consent of the Required Lenders under the Credit Agreement (or all of the Lenders if required pursuant to the terms of Section 9.3 of the Credit Agreement).

Section 14. GOVERNING LAW. ANY DISPUTE BETWEEN ANY GUARANTOR AND THE ADMINISTRATIVE AGENT OR ANY LENDER ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG SUCH GUARANTOR, THE ADMINISTRATIVE AGENT AND THE LENDERS IN CONNECTION WITH THIS GUARANTY OR ANY OF THE OTHER LOAN DOCUMENTS, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK.

Section 15.

CONSENT TO JURISDICTION; SERVICE OF PROCESS; JURYTRIAL.

(A) EXCLUSIVE JURISDICTION. EACH GUARANTOR HEREBY IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE UNITED STATES FEDERAL OR NEW YORK STATE COURT SITTING IN NEW YORK CITY, NEW YORK IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT, AND EACH GUARANTOR HEREBY IRREVOCABLY

AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF THE ADMINISTRATIVE AGENT OR ANY LENDER TO BRING PROCEEDINGS AGAINST ANY GUARANTOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY GUARANTOR AGAINST THE ADMINISTRATIVE AGENT OR ANY LENDER OR ANY AFFILIATE OF THE ADMINISTRATIVE AGENT OR ANY LENDER INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS GUARANTY OR ANY OTHER LOAN DOCUMENT SHALL BE BROUGHT ONLY IN A COURT IN NEW YORK CITY, NEW YORK.

(B) SERVICE OF PROCESS. EACH GUARANTOR WAIVES PERSONAL SERVICE OF ANY PROCESS UPON IT AND IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OF ANY WRITS, PROCESS OR SUMMONSES IN ANY SUIT, ACTION OR PROCEEDING BY THE MAILING THEREOF BY THE ADMINISTRATIVE AGENT OR ANY LENDER BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO SUCH GUARANTOR ADDRESSED AS PROVIDED HEREIN. NOTHING HEREIN SHALL IN ANY WAY BE DEEMED TO LIMIT THE ABILITY OF THE ADMINISTRATIVE AGENT OR ANY LENDER TO SERVE ANY SUCH WRITS, PROCESS OR SUMMONSES IN ANY OTHER MANNER PERMITTED BY APPLICABLE LAW.

(C) WAIVER OF JURY TRIAL. EACH GUARANTOR AND THE ADMINISTRATIVE AGENT, FOR ITSELF AND FOR THE LENDERS, IRREVOCABLY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS GUARANTY OR ANY OTHER LOAN DOCUMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith. EACH GUARANTOR AND THE ADMINISTRATIVE AGENT, FOR ITSELF AND FOR THE LENDERS, AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY GUARANTOR, THE ADMINISTRATIVE AGENT OR ANY LENDER MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS GUARANTY WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF SUCH PARTIES TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

(D) ADVICE OF COUNSEL. EACH OF THE PARTIES REPRESENTS TO EACH OTHER PARTY HERETO THAT IT HAS DISCUSSED THIS AGREEMENT AND, SPECIFICALLY, THE PROVISIONS OF THIS SECTION 15, WITH ITS COUNSEL.

Section 16. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Guaranty. In the event an ambiguity or question of intent or interpretation arises, this Guaranty shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Guaranty.

Section 17. Expenses of Enforcement, Etc. Subject to the terms of the Credit Agreement, after the occurrence of a Default under the Credit Agreement, the Lenders shall have the right at any time to direct the Administrative Agent to commence enforcement proceedings with respect to the

Guaranteed Obligations. The Guarantors agree to reimburse the Administrative Agent and the Lenders for any costs and out-of-pocket expenses (including reasonable attorneys' fees and time charges of attorneys for the Administrative Agent and the Lenders), paid or incurred by the Administrative Agent or any Lender in connection with the collection and enforcement of amounts due under the Loan Documents, including without limitation this Guaranty. The Administrative Agent agrees to distribute payments received from any of the Guarantors hereunder to the Lenders on a pro rata basis for application in accordance with the terms of the Credit Agreement.

Section 18. Setoff. At any time after all or any part of the Guaranteed Obligations have become due and payable (by acceleration or otherwise), each Lender and the Administrative Agent may, without notice to any Guarantor and regardless of the acceptance of any security or collateral for the payment hereof, appropriate and apply toward the payment of all or any part of the Guaranteed Obligations (i) any indebtedness due or to become due from such Lender or the Administrative Agent to any Guarantor, and (ii) any moneys, credits or other property belonging to any Guarantor, at any time held by or coming into the possession of such Lender or the Administrative Agent or any of their respective affiliates.

Section 19. Financial Information. Each Guarantor hereby assumes responsibility for keeping itself informed of the financial condition of the Foreign Parent Borrower, the other Guarantors and any and all endorser and/or other guarantors of all or any part of the Guaranteed Obligations, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations, or any part thereof, that diligent inquiry would reveal, and each Guarantor hereby agrees that none of the Lenders or the Administrative Agent shall have any duty to advise such Guarantor of information known to any of them regarding such condition or any such circumstances. In the event any Lender or the Administrative Agent, in its sole discretion, undertakes at any time or from time to time to provide any such information to a Guarantor, such Lender or the Administrative Agent shall be under no obligation (i) to undertake any investigation not a part of its regular business routine, (ii) to disclose any information which such Lender or the Administrative Agent, pursuant to accepted or reasonable commercial finance or banking practices, wishes to maintain confidential, (iii) to make any other or future disclosures of such information or any other information to such Guarantor or (iv) to provide any such information to any other Guarantor.

Section 20. Severability. Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

Section 21. Merger. This Guaranty represents the final agreement of each of the Guarantors with respect to the matters contained herein and may not be contradicted by evidence of prior or contemporaneous agreements, or subsequent oral agreements, between the Guarantor and any Lender or the Administrative Agent.

Section 22. Headings. Section headings in this Guaranty are for convenience of reference only and shall not govern the interpretation of any provision of this Guaranty.

Section 23. Keynote(s). Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Guarantor to honor all of its obligations under this Guaranty in respect of Hedging Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 23 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 23 or otherwise under this Guaranty voidable under applicable

law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section 23 shall remain in full force and effect until the termination of this Guaranty with respect to such Guarantor in accordance with Section 4. Each Qualified ECP Guarantor intends that this Section 23 constitute, and this Section 23 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

For purposes of this Section 23, "Qualified ECP Guarantor" means, in respect of any Hedging Obligation, each Guarantor that has total assets exceeding \$10,000,000 at the time the relevant guaranty or grant of the relevant security interest becomes or would become effective with respect to such Hedging Obligation or such other Person as constitutes an ECP and can cause another Person to qualify as an ECP at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

The remainder of this page is intentionally blank.

IN WITNESS WHEREOF, the Initial Guarantor has caused this Guaranty to be duly executed by its authorized officer as of the day and year first above written.

[
as the Initial Guarantor]
By:
Name: Title:

Signature Page to Foreign Subsidiary Guaranty

Acknowledged this _____ day of _____, 20____
WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: Name:
Title:

Signature Page to Foreign Subsidiary Guaranty

ANNEX I TO GUARANTY

Reference is hereby made to the Foreign Subsidiary Guaranty (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Guaranty"), dated as of [..], 20[.], made by [..], a [..] (the "Initial Guarantor", and together with any additional Significant Foreign Subsidiaries which become parties to the Guaranty by executing a Supplement thereto substantially similar in form and substance hereto, the "Guarantors"), in favor of the Administrative Agent, for the ratable benefit of the Lenders under the Credit Agreement. Each capitalized term used herein and not defined herein shall have the meaning given to it in the Guaranty. By its execution below, the undersigned, [NAME OF NEW GUARANTOR], a [corporation] [partnership] [limited liability company], agrees to become, and does hereby become, a Guarantor under the Guaranty and agrees to be bound by such Guaranty as if originally a party thereto. By its execution below, the undersigned represents and warrants as to itself that all of the representations and warranties contained in Section 1 of the Guaranty are true and correct in all respects as of the date hereof.

IN WITNESS WHEREOF, [NAME OF NEW GUARANTOR], a [corporation] [partnership] [limited liability company] has executed and delivered this Annex I counterpart to the Guaranty as of this [..] day of [..], 20[.].

[NAME OF NEW GUARANTOR]

By: Title:

EXHIBIT J TO
CREDIT AGREEMENT

Form of Revolving Loan Note

[
], 20

[APPLICABLE
] (the BORROWER], a []
promises to pay to (the "Lender") the aggregate unpaid principal amount of all Revolving Loans made by the Lender to the Borrower pursuant to Article II of the below-described Credit Agreement. Such payments shall be made in immediately available funds on the dates and at the offices of the Administrative Agent (as defined below) specified in the Credit Agreement, together with interest on the unpaid principal amount hereof at the rates and on the dates determined in accordance with the Credit Agreement. The Borrower shall pay the principal of and accrued and unpaid interest on the Revolving Loans in full on the Termination Date and as otherwise set forth in the Credit Agreement.

The Lender shall, and is hereby authorized to, record on the schedule attached hereto, or otherwise record in accordance with its usual practice, the date and amount of each Revolving Loan and the date and amount of each principal payment hereunder.

This Note is one of the promissory notes issued pursuant to, and is entitled to the benefits of, the Second Amended and Restated Credit Agreement, dated as of October 21, 2022, by and among Woodward, Inc., the Foreign Subsidiary Borrowers from time to time parties thereto, the institutions from time to time parties thereto as Lenders (the "Lenders") and Wells Fargo Bank, National Association, as "Administrative Agent" (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), to which reference is hereby made for a statement of the terms and conditions governing this Note, including the terms and conditions under which this Note may be prepaid or its maturity date accelerated. Each capitalized term used herein and not defined herein shall have the meaning ascribed thereto in the Credit Agreement. The Credit Agreement, among other things, provides for the making of Revolving Loans by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding such Lender's Revolving Loan Commitment.

The Borrower hereby waives presentment, demand, protest and notice of any kind. No failure to exercise, and no delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of such rights.

This Note shall be governed by, and construed in accordance with, the internal laws of the State of New York, but giving effect to applicable federal laws.

[APPLICABLE BORROWER]

By: Name:
Title:

**EXHIBIT K TO
CREDIT AGREEMENT**
Intercreditor Agreement Attached

K-1

SECOND AMENDED AND RESTATED INTERCREDITOR AGREEMENT

This INTERCREDITOR SECOND AMENDED AND RESTATED

AGREEMENT, dated as of July 10, 2013 (as amended, modified, supplemented and/or restated from time to time, this "Agreement"), is entered into by and among Wells Fargo Bank, National Association, as administrative agent (the "Revolving Agent") for the "Lenders" under the Revolving Credit Agreement (as defined below) listed on Annex I attached hereto and their successors and assigns (the "Revolving Banks"), the holders of the 2008 Notes (as defined below) listed on Annex II attached hereto and their successors and assigns (the "2008 Noteholders"), the holders of the 2009 Notes (as defined below) listed on Annex III attached hereto and their successors and assigns (the "2009 Noteholders"), and each other New Creditor (as defined in Section 16 hereof) that from time to time becomes a party hereto (such New Creditors, together with the Revolving Agent, the Revolving Banks, the 2008 Noteholders and the 2009 Noteholders, the "Lenders", and each individually a "Lender").

RECITALS:

WHEREAS, Woodward, Inc., a Delaware corporation (as successor to Woodward Governor Company, herein called the "Company"), the Revolving Banks and the Revolving Agent have entered into a Credit Agreement, dated as of July 10, 2013 (as amended, modified, supplemented and/or restated from time to time, the "Revolving Credit Agreement"), pursuant to which, among other things, the Revolving Banks agree to make certain advances to the Company (the "Revolving Loans") and to issue letters of credit for the account of the Company;

WHEREAS, the 2008 Noteholders are the holders of the Company's Series B Senior Notes, due 2013, Series C Senior Notes due 2015 and Series D Senior Notes due 2018 (as amended, modified, supplemented and/or restated from time to time, the "2008 Notes"), issued in initial aggregate principal amounts of \$100,000,000, \$50,000,000 and \$100,000,000, respectively, pursuant to a Note Purchase Agreement, dated as of October 1, 2008 (as amended, modified, supplemented and/or restated from time to time, the "2008 Note Agreement"), between the Company and the 2008 Noteholders;

WHEREAS, the 2009 Noteholders are the holders of the Company's Series E Senior Notes, due 2016 and Series F Senior Notes due 2019 (as amended, modified, supplemented and/or restated from time to time, the "2009 Notes"), issued in initial aggregate principal amounts of \$57,000,000 and \$43,000,000, respectively, pursuant to a Note Purchase Agreement, dated April 3, 2009 (as amended, modified, supplemented and/or restated from time to time, the "2009 Note Agreement"), between the Company and the 2009 Noteholders;

WHEREAS, the subsidiaries of the Company listed on Annex V attached hereto (such subsidiaries, together with such other subsidiaries of the Company that from time to time may become parties to the below-defined Guarantees, the "Guarantors") have guaranteed, pursuant to various guaranty agreements and documents (each as amended, restated, supplemented or otherwise modified from time to time a "Guaranty", and collectively the "Guarantees"), the repayment of obligations owing under or in connection with the Revolving Credit Agreement, the 2008 Note Agreement and the 2009 Note Agreement respectively (the Revolving Credit Agreement, the 2008 Note Agreement and the 2009 Note Agreement, together

with any other New Creditor Agreement (as defined in Section 16 hereof), the "Financing Agreements");

WHEREAS, the Company, the 2008 Noteholders and the 2009 Noteholders are party to that certain Amended and Restated Intercreditor Agreement, dated as of October 1, 2008 (as amended or modified prior to the date hereof, the "Existing Agreement");

WHEREAS, the parties hereto wish to amend and restate the Existing Agreement to, among other things, acknowledge that certain prior parties thereto are no longer party to the Existing Agreement, and the other Lenders party hereto wish to become subject to the requirements hereof;

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the Revolving Agent, on behalf of the Revolving Banks, the 2008 Noteholders, the 2009 Noteholders and the New Creditors that from time to time become parties hereto hereby agree as follows:

1. **Sharing of Receipts.** (a) If any "Sharing Event" (as defined below) has occurred, any amounts received, directly or indirectly, by any Lender from any Guarantor with respect to any "Obligations" (as defined below), including, without limitation, from any setoff of any deposits of any Guarantor or other indebtedness of such Lender held by or owing to any Guarantor and any amounts received by any Lender under or in connection with any Guaranty (in each case, less all reasonable costs incurred in connection with the collection of such amounts) shall be distributed as provided in subsection (h) of this Section 1.

"Sharing Event" shall mean (i) for the Revolving Loans to become or be declared immediately due and payable pursuant to Section 9.1 of the Revolving Credit Agreement, (ii) for the 2008 Notes to become or be declared immediately due and payable pursuant to Section 12.1 of the 2008 Note Agreement, (iii) for the 2009 Notes to become or be declared immediately due and payable pursuant to Section 12.1 of the 2009 Note Agreement, (iv) for the entire outstanding principal, interest and other obligations to become or be declared immediately due and payable and the commitments to extend credit thereunder, if any, terminated upon or as a result of any default, event of default or other similar event pursuant to the terms of any New Creditor Agreement, (v) for the Company to default in the payment of the principal of, interest on or premium with respect to the Revolving Loans, "Reimbursement Obligations" (as defined in the Revolving Credit Agreement) with respect to letters of credit issued thereunder, the 2008 Notes, the 2009 Notes or any loan, letter of credit obligation or other obligation under any New Creditor Agreement when such payment is due, which payment default continues for at least 15 days, in which event the "Sharing Event" shall be deemed to have occurred on the date such payment default first occurred, (vii) for any Lender to setoff any deposits of any Guarantor or other indebtedness of such Lender or any other Lender held by or owing to any Guarantor or exercise or seek enforcement of any right or remedy for payment under any Guaranty made in its favor, or (viii) the commencement by, against or with respect to the Company or any Guarantor of any proceeding under any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar law or for the appointment of a receiver for the Company or any Guarantor or any of its assets;

provided that the voluntary liquidation of any Guarantor into the Company or another Subsidiary of the Company shall not be a "Sharing Event."

(b) The amounts referred to in subsection (a) of this Section 1 (the "Shared Amounts") shall be distributed to the Lenders pro rata in proportion to the respective amounts owed by the Company to such Lenders under their respective Financing Agreements and Guarantees (the "Obligations") at the time of such distribution, including, without limitation, (1) the outstanding principal amount of, accrued and unpaid interest on, and any unpaid "Make-Whole Amount" (as defined in the 2008 Note Agreement and the 2009 Note Agreement, respectively) or other make-whole payment, breakage or prepayment indemnification due with respect to the Revolving Loans, 2008 Notes, 2009 Notes, and obligations owing to New Creditors, (2) any unpaid reimbursement obligations with respect to any letters of credit issued under any Financing Agreement, (3) any undrawn amounts of any outstanding letters of credit issued under any Financing Agreement, and (4) any other unpaid amounts (including amounts in respect of fees, expenses, indemnification and reimbursement) due from the Company under any Financing Agreement (and, for this purpose, the undrawn amounts of any outstanding letters of credit issued under the Financing Agreements shall be considered to have been reduced to the extent of any amount then on deposit with the applicable Lender as provided in subsection (c) of this Section 1). Any distribution pursuant to this subsection (b) shall be made as soon as reasonably practicable after receipt by the applicable Lender of amounts subject to this Section 1.

(c) Any distribution pursuant to subsection (b) above with respect to the undrawn amount of any outstanding letter of credit shall be paid to the applicable Lender that issued such letter of credit (or its designee) to be held as collateral in respect of obligations owing thereunder and disposed of as provided in this subsection (c). With respect to the Revolving Credit Agreement, such payments shall be made to the Revolving Agent. On each date on which a payment is made to a beneficiary pursuant to a draw on a letter of credit, the applicable Lender that issued such letter of credit (or its designee) shall distribute to the other Lenders subject to the Financing Agreement under which such letter of credit was issued from the amounts held pursuant to this subsection (c) for application to the payment of the reimbursement obligation due to such Lenders with respect to such draw an amount equal to the product of (1) the total amount then held pursuant to this subsection (c), and (2) a fraction, the numerator of which is the amount of such draw and the denominator of which is the aggregate undrawn amount of all outstanding letters of credit issued under the applicable Financing Agreement immediately prior to such draw. On each date on which a reduction in the undrawn amount of any outstanding letter of credit occurs under a Financing Agreement other than on account of a payment made to a beneficiary pursuant to a draw on such letter of credit, the applicable Lender shall distribute from the amounts held pursuant to this subsection (c) an amount equal to the product of (1) the total amount then held pursuant to this subsection (c) in respect of letters of credit issued under such Financing Agreement and (2) a fraction the numerator of which is the amount of such reduction and the denominator of which is the aggregate undrawn amount of all outstanding letters of credit issued under such Financing Agreement immediately prior to such reduction, which amount shall be distributed as provided in subsection (b) above. At such time as no letters of credit are outstanding under any Financing Agreements, any remaining amount held pursuant to this subsection (c), after the distribution therefrom as provided above, shall be distributed as provided in subsection (b) above.

(d) The distribution provisions of this Section 1 are for the purpose of determining the relative amounts of any Shared Amounts to be distributed to the Lenders and not for the purpose of creating an agreement among the parties as to the manner in which any Shared Amounts are actually to be applied to pay the Obligations which are owed to each Lender. As among the Lenders, each Lender shall be free, each in its own discretion, to apply any amounts distributed to it pursuant to subsection (b) hereof to the Obligations owed to it in such order as it may determine. Notwithstanding the foregoing, (1) for all purposes of this Agreement, the Obligations shall be deemed paid to the same extent that payments are distributed with respect thereto pursuant to subsection (b) hereof notwithstanding the actual application thereof, and (2) as between the Company and the Guarantors, on one hand, and the Lenders, on the other hand, no portion of any Shared Amount received by any Lender and distributed to any other Lender pursuant to subsection (b) hereof shall discharge the Obligations of such other Lender to which such Shared Amount was distributed.

(e) Any Lender distributing any Shared Amount to the other Lenders pursuant to subsection (b) of this Section 1 shall be subrogated to the rights of such other Lenders with respect to the Obligations with respect to which such Shared Amount was distributed, including, without limitation, the rights with respect to the applicable Guaranty relating to such Obligations.

2. Notices of Certain Events. Each Lender agrees to use its best efforts to give to each other Lender (a) copies of any notice of the occurrence or existence of any default, event of default, or event of termination sent to the Company or any Guarantor, simultaneously with the sending of such notice to the Company or any Guarantor, (b) notice of any acceleration of the obligations owing to such Lender under its Financing Agreement promptly upon such acceleration or notice of any termination by such Lender of any commitment to extend credit to the Company or a Guarantor under its Financing Agreement, and (c) notice of any receipt of amounts from any setoff or receipt of amounts remitted under any Guaranty, promptly upon such receipt, but the failure to give any of the foregoing notices shall not affect the validity of such notice of default or such acceleration or create a cause of action against or cause a forfeiture of any rights of the party failing to give such notice or create any claim or right on behalf of any third party, but any amounts received from a Guarantor referred to in subsection (b) hereof shall be subject to the terms of this Agreement. It is acknowledged and agreed that any notice delivered to the Revolving Agent shall be deemed delivered to all Revolving Banks.

3. Relation of Lenders: Independent Action. This Agreement is entered into solely for the purposes set forth herein, and no party hereto assumes any responsibility to any other party hereto to disclose to such other party any information known to such party regarding the financial condition of the Company or any Guarantor or any other circumstances bearing upon the risk of nonpayment of the Obligations. Nothing contained in this Agreement (a) shall obligate any Lender to resort to any setoff, application of deposit balance or other means of payment under any Guaranty or avail itself of any recourse by resort to any property of the Company or any Guarantor, the taking of any such action to remain within the absolute discretion of such Lender under its Financing Agreements; (b) shall prohibit any Lender from accelerating the maturity of, or demanding payment from a Guarantor on, any Obligation of the Company to such party or from instituting legal action against the Company or any Guarantor to obtain a judgment or other legal process in respect of such Obligations, but any amounts received

from a Guarantor in connection with any such action shall be subject to the terms of this Agreement; or (c) shall limit or modify in any way any of the Obligations of the Company or any Guarantor to any Lender or any of the rights of the Company or any Guarantor under the applicable Financing Agreement.

4. Accounting: Invalidated Payments. (a) Each Lender severally agrees to render an accounting to any other party to this Agreement of the outstanding amounts of the Obligations, receipts of payments from the Company and the Guarantors and of other items relevant to the provisions of this Agreement upon the reasonable request from such other party as soon as reasonably practicable after such request.

(b) To the extent any Shared Amount received by any Lender which was distributed to the other Lenders pursuant to Section 1(b) hereof is subsequently invalidated, declared fraudulent or preferential, set aside or required to be paid to a trustee, receiver, or any other party under any bankruptcy act, state or federal law, common law or equitable cause, then each such other Lender shall repay to the distributing Lender, at such time as the distributing Lender is required to return or repay such Shared Amount, the portion of the Shared Amount so distributed to it. To the extent any Shared Amount is so returned or repaid, the Obligations with respect to which such Shared Amount was distributed or applied shall thereupon be reinstated for all purposes of this Agreement.

5. Continuing Agreement. This Agreement shall in all respects be a continuing, absolute, unconditional and irrevocable agreement, and shall remain in full force and effect until all Obligations shall have been satisfied in full and all obligations of all Lenders to the other Lenders hereunder shall have been satisfied in full. Without limiting the generality of the foregoing, this Agreement shall survive the commencement of any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar proceeding involving the Company or any Guarantor. Each Lender agrees that this Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment (in whole or in part) of any of the obligations of the Company or any Guarantor is rescinded or must otherwise be restored by any Lender, upon the insolvency, bankruptcy or reorganization of the Company or any Guarantor or otherwise, as though such payment had not been made.

6. Representations and Warranties. Each of the Revolving Agent, the 2008 Noteholders, the 2009 Noteholders and each New Creditor which from time to time becomes a party hereto, severally represents and warrants to each other party hereto that it has full power, and has taken all action necessary, to execute and deliver this Agreement and to fulfill its obligations hereunder, and that no governmental or other authorizations are required in connection herewith, and that this Agreement constitutes its legal, valid and binding obligation, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium, regulatory and similar laws of general application and by general principles of equity. Each of the Revolving Agent and each New Creditor which from time to time becomes a party hereto as an agent on behalf of other New Creditors, severally represents and warrants to each other party hereto that it has been duly authorized to enter into this Agreement by each lender or New Creditor on whose behalf it acts as agent.

7. Binding Effect. This Agreement shall be binding upon, and inure to the benefit of and be enforceable by, the Lenders and each of their respective successors, transferees and assigns. Without limiting the generality of the foregoing sentence, if any Lender assigns or otherwise transfers (in whole or in part) to any other person or entity the Obligations to such Lender under the applicable Financing Agreement, such other person or entity shall thereupon become vested with all rights and benefits, and become subject to all the obligations, in respect thereof granted to or imposed upon such Lender under this Agreement.

8. No Reliance by Company. Except as set forth in Section 16, neither the Company nor any of its Subsidiaries shall have any rights or obligations under this Agreement or be entitled, in any manner whatsoever, to rely upon or enforce, or to raise as a defense, the provisions of this Agreement or the failure of any Lender to comply with such provisions.

9. Other Proceedings. Nothing contained herein shall limit or restrict the independent right of any Lender to initiate an action or actions in any bankruptcy, reorganization, compromise, arrangement, insolvency, readjustment of debt, dissolution or liquidation or similar proceeding in its individual capacity and to appear or to be heard on any matter before the bankruptcy or other applicable court in any such proceeding, including, without limitation, with respect to any questions concerning the post-petition usage of collateral and post-petition financing arrangement, provided that no Lender shall contest the validity or enforceability of, or seek to avoid, have declared fraudulent or have set aside, any of the Obligations.

10. Amendments and Waivers. No amendment to or waiver of any provision of this Agreement, nor consent to any departure by any Lender herefrom, shall in any event be effective unless the same shall be in writing and signed by the Revolving Agent, on behalf of the Revolving Banks, the "Required Holders" as defined in the 2008 Note Agreement, the "Required Holders" as defined in the 2009 Note Agreement, and the requisite number of New Creditors required to approve such an amendment under each New Creditor Agreement, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. Except as set forth in Section 16, no consent of the Company or any Guarantor shall be required for any such amendment, waiver or departure unless it relates to a provision of this Agreement expressly binding upon the Company or any Guarantor. Upon the termination of any Lender's commitment to extend credit to the Company, if any, and the payment in full, in cash, of all obligations and liabilities of the Company to such Lender, the rights and obligations of such Lender under this agreement (including any right to consent to an amendment hereto as described in this Section 10) shall terminate in full.

11. Notices. All notices and other communications provided to any party under this Agreement shall be in writing or by facsimile and addressed, delivered or transmitted to such party at its address or facsimile number set forth (a) in the case of the Revolving Agent and each of the Revolving Banks, on Annex I hereto, (b) in the case of each 2008 Noteholder, on Annex II hereto, (c) in the case of each 2009 Noteholder, on Annex III hereto, (d) in the case of each New Creditor, in the Joinder Agreement delivered by such New Creditor pursuant to Section 16 hereof, or (e) in any case, at such other address or facsimile number as may be designated by such party in a notice to the other parties hereto. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by prepaid courier service, shall be deemed given when received; and notice, if transmitted by facsimile, shall be

deemed given when transmitted if actually received, and the burden of proving receipt shall be on the transmitting party.

12. No Waiver. No failure or delay on the part of any Lender in exercising any power or right under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

13. Severability. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

14. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of this Agreement.

15. GOVERNING LAW. THIS AGREEMENT (INCLUDING ANY JOINDER AGREEMENT ENTERED INTO PURSUANT TO SECTION 16 HEREOF) SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, BUT GIVING EFFECT TO FEDERAL LAWS APPLICABLE TO NATIONAL BANKS. THIS AGREEMENT CONSTITUTES THE ENTIRE UNDERSTANDING BETWEEN THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND SUPERSEDES ANY PRIOR AGREEMENTS, WRITTEN OR ORAL, WITH RESPECT THERETO.

16. Joinder of New Creditors. Any entity (each, a "New Creditor") that extends credit to the Company or any Subsidiary pursuant to a senior (unsubordinated) credit, loan or borrowing facility or senior (unsubordinated) note purchase agreement providing for the incurrence of indebtedness in a principal amount equal to or greater than \$25,000,000 (the agreements, documents and instruments evidencing such facility or note purchase agreement, as the same may be amended, restated, supplemented or otherwise modified from time to time, the "New Creditor Agreements", and each a "New Creditor Agreement") may become a Lender under this Agreement by executing and delivering to the Company, the Revolving Agent, each 2008 Noteholder, each 2009 Noteholder and the requisite party or parties under any other applicable Financing Agreements, a Joinder Agreement in the form of Exhibit A attached hereto, appropriately completed, which Joinder Agreement shall become effective when such Joinder Agreement is executed by the Company; provided, however, that if any default, event of default or event of termination has occurred and is continuing under any of the Revolving Credit Agreement, the 2008 Note Agreement, the 2009 Note Agreement or any other applicable Financing Agreement, then the consent of the Revolving Agent on behalf of the Revolving Banks, the "Required Holders" under the 2008 Note Agreement, the "Required Holders" under the 2009 Note Agreement and the requisite number of New Creditors required to approve the

addition of any other New Creditor under the applicable Financing Agreements shall also be required. Any assignee or transferee of a Lender's interests under its Financing Agreement shall not be required to execute and deliver a Joinder Agreement so long as (x) the Lender assigning such interests was bound by this Agreement from the date of this Agreement or the date such holder became subject to this Agreement pursuant to a Joinder Agreement through the date of the applicable assignment, and (y) the document evidencing the assignment of such interests includes an agreement by such assignee or transferee to be bound by the terms and conditions of this Agreement. The amendment procedures set forth in this Section 16 may not be amended without the prior written consent of the Company.

17. Counterparts. This Agreement may be separately executed and delivered in counterparts and by the different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to constitute one and the same Agreement. Facsimile transmission of the signature of any party hereto shall be effective as an original signature.

18. Headings. Section headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

19. Amendment and Restatement. This Agreement amends and restates the Existing Agreement in its entirety, the terms and provisions of the Existing Agreement shall be and hereby are amended, superseded and restated in their entirety by the terms and provisions of this Agreement, and all obligations currently outstanding under the Existing Agreement shall continue as obligations under this Agreement.

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**EXHIBIT L TO
CREDIT AGREEMENT**
FORM OF DESIGNATION AGREEMENT

Dated _____, 20____

Reference is made to the Second Amended and Restated Credit Agreement, dated as of October 21, 2022 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Woodward, Inc., a Delaware corporation (the "Company"), the Foreign Subsidiary Borrowers from time to time parties thereto, the financial institutions from time to time parties thereto as Lenders (the "Lenders") and Wells Fargo Bank, National Association, as Administrative Agent (the "Administrative Agent"). Terms defined in the Credit Agreement are used herein as therein defined.

(the "Designating Lender"), (the "Designated Lender"), the Company and the Foreign Subsidiary Borrowers agree as follows:

1. The Designating Lender hereby designates the Designated Lender, and the Designated Lender hereby accepts such designation, as its Designated Lender under the Credit Agreement.
2. The Designating Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Company or any Foreign Subsidiary Borrower or the performance or observance by the Company or any Foreign Subsidiary Borrower of any of its obligations under the Credit Agreement or any other instrument or document furnished pursuant thereto.
3. The Designated Lender (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Articles VI and VII thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Designation Agreement; (ii) agrees that it will, independently and without reliance upon the Administrative Agent, the Designating Lender or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking any action it may be permitted to take under the Credit Agreement; (iii) confirms that it is an Eligible Designee; (iv) appoints and authorizes the Designating Lender as its administrative agent and attorney-in-fact and grants the Designating Lender an irrevocable power of attorney to receive payments made for the benefit of the Designated Lender under the Credit Agreement and to deliver and receive all communications and notices under the Credit Agreement, if any, that the Designated Lender is obligated to deliver or has the right to receive thereunder; (v) acknowledges that it is subject to and bound by the confidentiality provisions of the Credit Agreement (except as permitted under Section 13.4 thereof); and (vi) acknowledges that the Designating Lender retains the sole right and responsibility to vote under the Credit Agreement, including, without limitation, the right to approve any amendment, modification or waiver of any provision of the Credit Agreement, and agrees that the Designated Lender shall be bound by all such votes, approvals, amendments, modifications and waivers and all other agreements of the Designating Lender pursuant to or in connection with the Credit Agreement.
4. Following the execution of this Designation Agreement by the Designating Lender, the Designated Lender, the Company and the Foreign Subsidiary Borrowers, it will be delivered to the

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Administrative Agent for acceptance and recording by the Administrative Agent. The effective date of this Designation Agreement shall be the date of acceptance thereof by the Administrative Agent, unless otherwise specified on the signature page hereto (the "Effective Date").

5. Upon such acceptance and recording by the Administrative Agent, as of the Effective Date (a) the Designated Lender shall have the right to make Loans as a Lender pursuant to Article II of the Credit Agreement and the rights of a Lender related thereto and (b) the making of any such Loans by the Designated Lender shall satisfy the obligations of the Designating Lender under the Credit Agreement to the same extent, and as if, such Loans were made by the Designating Lender.
6. Each party to this Designation Agreement hereby agrees that it shall not institute against, or join any other Person in instituting against, any Designated Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding or other proceedings under any federal or state bankruptcy or similar law for one year and a day after payment in full of all outstanding senior indebtedness of any Designated Lender; provided that the Designating Lender for each Designated Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage and expense arising out of its inability to institute any such proceeding against such Designated Lender. This Section 6 of the Designation Agreement shall survive the termination of this Designation Agreement and termination of the Credit Agreement.
7. This Designation Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

IN WITNESS WHEREOF, the parties have caused this Designation Agreement to be executed by their respective officers hereunto duly authorized, as of the date first above written.

Effective Date¹⁶:

[NAME OF DESIGNATING LENDER]

By:
Name:
Title:

[NAME OF DESIGNATED LENDER]

By:
Name:
Title:

WOODWARD, INC.

By:
Name:
Title:

[FOREIGN SUBSIDIARY BORROWER]

By:
Name:
Title:

[FOREIGN SUBSIDIARY BORROWER]

By:
Name:
Title:

Accepted and Approved this _____ day of _____,

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent.

¹⁶ This date should be no earlier than the date of acceptance by the Administrative Agent.

By:
Title:

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EXHIBIT M-1 TO
CREDIT AGREEMENT
FORM OF INCREASING LENDER SUPPLEMENT

INCREASING LENDER SUPPLEMENT, (this
dated
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"Supplement"), by and among each of the signatories hereto, to the Second Amended and Restated Credit Agreement, dated as of October 21, 2022 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Woodward, Inc., (the "Company"), the Foreign Subsidiary Borrowers from time to time parties thereto, the institutions from time to time parties thereto as Lenders (the "Lenders") and Wells Fargo Bank, National Association, as administrative agent (in such capacity, the "Administrative Agent").

WITNESSETH

WHEREAS, pursuant to Section 2.22 of the Credit Agreement, the Company has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the Aggregate Revolving Loan Commitment and/or one or more tranches of Incremental Term Loans under the Credit Agreement by (x) requesting one or more Lenders to increase the amount of its Revolving Loan Commitment and/or to participate in such a tranche or (y) asking one or more new banks, financial institutions or other entities to extend Revolving Loan Commitments or participate in Incremental Term Loans;

WHEREAS, the Company has given notice to the Administrative Agent of its intention to [increase the Aggregate Revolving Loan Commitment] [and] [enter into a tranche of Incremental Term Loans] pursuant to such Section 2.22; and

WHEREAS, pursuant to Section 2.22 of the Credit Agreement, the undersigned Increasing Lender now desires to [increase the amount of its Revolving Loan Commitment] [and] [participate in a tranche of Incremental Term Loans] under the Credit Agreement by executing and delivering to the Company and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall [have its Revolving Loan Commitment increased by \$[]], thereby making the aggregate amount of its total Revolving Loan Commitments equal to \$[] [and] [participate in a tranche of Incremental Term Loans with a commitment amount equal to \$[] with respect thereto].

2. The Company hereby represents and warrants that as of the date hereof (a) all representations and warranties of the Company and each other Borrower contained in Article VI of the Credit Agreement are true and correct in all material respects or, with respect to any representation that is qualified by materiality or Material Adverse Effect, all respects (unless such representation and warranty is made as of a specific date, in which case such representation and warranty was true and correct as of such date) and (b) no Default or Unmatured Default has occurred and is continuing.

3. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

4. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

5. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

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IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF INCREASING LENDER]

By:
Name:

Title: Accepted and agreed to as of the date first written above:

WOODWARD, INC.

By:

Name:

Title:

Acknowledged as of the date first written above: WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent

By:

Name:

Title:

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**EXHIBIT M-2 TO
CREDIT AGREEMENT**

FORM OF AUGMENTING LENDER SUPPLEMENT

AUGMENTING LENDER SUPPLEMENT, (this
dated _____, 20____

"Supplement"), by and among each of the signatories hereto, to the Second Amended and Restated Credit Agreement, dated as of October 21, 2022 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Woodward, Inc., (the "Company"), the Foreign Subsidiary Borrowers from time to time parties thereto, the institutions from time to time parties thereto as Lenders (the "Lenders") and Wells Fargo Bank, National Association, as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, the Credit Agreement provides in Section 2.22 thereof that, in connection with any increase to the Aggregate Revolving Loan Commitment and/or tranche of Incremental Term Loans requested by the Company, any bank, financial institution or other entity may [extend Revolving Loan Commitments] [and] [participate in tranches of Incremental Term Loans] under the Credit Agreement subject to the approval of the Company, the Administrative Agent, the Issuing Bank and the Swing Line Bank by executing and delivering to the Company and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this Supplement; and

WHEREAS, the undersigned Augmenting Lender was not an original party to the Credit Agreement but now desires to become a party thereto;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Augmenting Lender agrees to be bound by the provisions of the Credit Agreement and agrees that it shall, on the date of this Supplement, become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with a [Revolving Loan Commitment of \$] [] [and] [a commitment with respect to Incremental Term Loans of \$] [] [].

2. The undersigned Augmenting Lender (a) represents and warrants that it is legally authorized to enter into this Supplement; (b) confirms that it has received a copy of the Credit Agreement and the Intercreditor Agreement, together with copies of the most recent financial statements delivered pursuant to Section 7.1 of the Credit Agreement, as applicable, and has reviewed such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (c) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender; and (f) agrees to be bound by the terms and conditions of the Intercreditor

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09/27/2017

3. The undersigned's address for notices for the purposes of the Credit Agreement is as follows:

[]

4. The Company hereby represents and warrants that as of the date hereof (a) all representations and warranties of the Company and each other Borrower contained in Article VI of the Credit Agreement are true and correct in all material respects or, with respect to any representation that is qualified by materiality or Material Adverse Effect, all respects (unless such representation and warranty is made as of a specific date, in which case such representation and warranty was true and correct as of such date) and (b) no Default or Unmatured Default has occurred and is continuing.

5. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

6. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

7. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF AUGMENTING LENDER]

By:

Name:

Title: Accepted and agreed to as of the date first written above:

WOODWARD, INC.

By:

Name:

Title:

Acknowledged as of the date first written above: WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent, Issuing Bank and Swing Line Bank

By:

Name:

Title:

JPMORGAN CHASE BANK, N.A.,
as Issuing Bank

By:

Name:

Title:

**EXHIBIT N-1
TO CREDIT AGREEMENT**

FORM OF BORROWING SUBSIDIARY AGREEMENT

BORROWING SUBSIDIARY AGREEMENT dated as of [____] among Woodward, Inc., a Delaware corporation (the "Company"), [Name of [Foreign] Subsidiary Borrower], a [____] (the "New Borrowing Subsidiary"), and Wells Fargo Bank, National Association, as Administrative Agent (the "Administrative Agent").

Reference is hereby made to the Second Amended and Restated Credit Agreement, dated as of October 21, 2022 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Company, the Foreign Subsidiary Borrowers from time to time party thereto, the Lenders from time to time party thereto and Wells Fargo Bank, National Association as Administrative Agent. Capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement. Under the Credit Agreement, the Lenders have agreed, upon the terms and subject to the conditions therein set forth, to make Loans to certain Subsidiary Borrowers and Foreign Subsidiary Borrowers (collectively with the Company, the "Borrowers"), and the Company and the New Borrowing Subsidiary desire that the New Borrowing Subsidiary become a [Foreign] Subsidiary Borrower. In addition, the New Borrowing Subsidiary hereby authorizes the Company to act on its behalf as and to the extent provided for in Article II of the Credit Agreement. [Notwithstanding the preceding sentence, the New Borrowing Subsidiary hereby designates the following officers as being authorized to request borrowings under the Credit Agreement on behalf of the New Subsidiary Borrower and sign this Borrowing Subsidiary Agreement and the other Loan Documents to which the New Borrowing Subsidiary is, or may from time to time become, a party: [____]]

Each of the Company and the New Borrowing Subsidiary represents and warrants that the representations and warranties of the Company in the Credit Agreement relating to the New Borrowing Subsidiary and this Agreement are true and correct in all material respects or, with respect to any representation that is qualified by materiality or Material Adverse Effect, all respects, on and as of the date hereof (unless such representation and warranty is made as of a specific date, in which case, such representation and warranty shall be true in all material respects or all respects, as applicable, as of such date). [The Company and the New Borrowing Subsidiary further represent and warrant that the execution, delivery and performance by the New Borrowing Subsidiary of the transactions contemplated under this Agreement and the use of any of the proceeds raised in connection with this Agreement will not contravene or conflict with the provisions of section 151 of the Companies Act 1985 of England and Wales (as amended).] [INSERT OTHER PROVISIONS REASONABLY REQUESTED BY ADMINISTRATIVE AGENT OR ITS COUNSELS] The Company agrees that the Guarantee of the Company contained in the Credit Agreement will apply to the Obligations of the New Borrowing Subsidiary. Upon execution of this Agreement by each of the Company, the New Borrowing Subsidiary and the Administrative Agent, the New Borrowing Subsidiary shall be a party to the Credit Agreement and shall constitute a "[Foreign] Subsidiary Borrower" for all purposes thereof, and the New Borrowing Subsidiary hereby agrees to be bound by all provisions of the Credit Agreement.

This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

¹⁷ To be included only if a New Borrowing Subsidiary will be a Borrower organized under the laws of England and Wales.

[Signature Page Follows]

N-1-2

09635746/12

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their authorized officers as of the date first appearing above.

WOODWARD, INC.

By: Name:
Title:

[NAME OF NEW BORROWING SUBSIDIARY]

By: Name:
Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Administrative Agent

By: Name:
Title:

EXHIBIT N-2
TO CREDIT AGREEMENT

FORM OF BORROWING SUBSIDIARY TERMINATION

Wells Fargo Bank, National Association as Administrative Agent
for the Lenders referred to below 1525 West W.T. Harris Blvd.
Charlotte, NC 28262 Attention: Dugan McDermott Phone:
(704) 590-2770
Email: Dugan.McDermott@wellsfargo.com AgencyServices.requests@wellsfargo.com
With a copy to: Heather Hoopingarner
Email: Heather.Hoopingarner@wellsfargo.com

[Date]

Ladies and Gentlemen:

The undersigned, Woodward, Inc. (the "Company"), refers to the Second Amended and Restated Credit Agreement, dated as of October 21, 2022 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among the Company, the Foreign Subsidiary Borrowers from time to time party thereto and Wells Fargo Bank, National Association, as Administrative Agent. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to such terms in the Credit Agreement.

The Company hereby terminates the status of [] (the "Terminated Borrowing Subsidiary") as a [Foreign] Subsidiary Borrower under the Credit Agreement. [The Company represents and warrants that no Loans made to the Terminated Borrowing Subsidiary are outstanding as of the date hereof and that all amounts payable by the Terminated Borrowing Subsidiary in respect of interest and/or fees (and, to the extent notified by the Administrative Agent or any Lender, any other amounts payable under the Credit Agreement) pursuant to the Credit Agreement have been paid in full on or prior to the date hereof.] [The Company acknowledges that the Terminated Borrowing Subsidiary shall continue to be a Borrower until such time as all Loans made to the Terminated Borrowing Subsidiary shall have been prepaid and all amounts payable by the Terminated Borrowing Subsidiary in respect of interest and/or fees (and, to the extent notified by the Administrative Agent or any Lender, any other amounts payable under the Credit Agreement) pursuant to the Credit Agreement shall have been paid in full, provided that the Terminated Borrowing Subsidiary shall not have the right to make further Borrowings under the Credit Agreement.] Upon such termination, any [Foreign] Subsidiary Guarantors of such [Foreign] Subsidiary Borrower shall be released from the [Foreign] Subsidiary Guaranty to which they are party in accordance with the terms of such [Foreign] Subsidiary Guaranty.

[Signature Page Follows]

This instrument shall be construed in accordance with and governed by the laws of the State of New York.

Very truly yours, WOODWARD, INC.

By: Name:
 Title:

SCHEDULE 1.1.1 PERMITTED EXISTING INDEBTEDNESS

Miscellaneous amounts outstanding as of 9/30/2022:	
1. Capitalized leases	\$5,261,241
Indebtedness outstanding as of 9/30/2022: None	

SCHEDULE 1.1.3 PERMITTED EXISTING LIENS

The Company and Domestic Subsidiaries Woodward, Inc. (formerly known as Woodward Governor Company)

Jurisdiction	File Date	File Number	Secured Party	Description of Collateral
Delaware Secretary of State	09/08/2021	20217121727	Bank of Montreal	Accounts receivable Raytheon Technologies Corporation and its subsidiaries and affiliates, purchased by Citibank, N.A. under the terms of the Supplier Agreement, and all collections thereon and proceeds thereof
Delaware Secretary of State	06/21/2004	20041709429	Citibank, N.A.	Accounts receivable Raytheon Technologies Corporation and its subsidiaries and affiliates,
Delaware			Citibank, N.A., its Branches, Present and future accounts (including A/R) from Pratt & Whitney Canada Corp.	
Secretary of State	01/06/2021	20210123811	De Lage Landed Financial Services, Inc. Financial Pacific, purchased by Citibank.	N.A. under the terms of the Supplier Agreement, and all collections thereon and proceeds thereof Equipment financed by Secured Party under Master Lease Agreement Number 1195 and all proceeds thereof
Delaware Secretary of State	06/11/2020	2024062883		
Secretary of State	04/24/2019	20192850787	Leasing, Inc.	Equipment Caterpillar Accounts Receivables
Delaware Secretary of State	01/27/2004	20040215436	JPMorgan Chase Bank, National Association	
Delaware Secretary of State	12/16/2010	20104451013	Accounts receivable from Honeywell, Inc. from 1/7/04 GE Capital Trade Payables Services, LLC	

<u>Jurisdiction</u>	<u>File Date</u>	<u>File Number</u>	<u>Secured Party</u>	<u>Description of Collateral</u>	Equipment financed by or
	10/30/2019				
	20197622959				
			Konica Minolta Premier Finance leased to Debtor by Secured Party under Master Premier Lease Agreement Number 25373133		
	09/26/2017				
	20176418518				
			Makino Inc. Equipment		
	09/26/2017				
	20176418641				
			Makino Inc. Equipment		
	10/10/2017				
	20176745605				
			Makino Inc. Equipment		
	11/29/2017				
	20177891007				
			Makino Inc. Equipment		
	01/19/2018				
	20180436580				
			Makino Inc. Equipment		
	03/12/2018				
	20181707609				
			Makino Inc. Equipment		
	03/18/2018				
	20181860051				
			Makino Inc. Equipment		
	03/26/2018				
	20182034581				
			Makino Inc. Equipment		
	03/26/2018				
	20182034987				
			Makino Inc. Equipment		
	03/26/2018				
	20182035331				
			Makino Inc. Equipment		
	03/26/2018				
	20182036024				
			Makino Inc. Equipment		
	08/08/2018				
	20185472754				
			Makino Inc. Equipment		

Delaware Secretary of State

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Secretary of State	11/05/2019	20197784973
Delaware Secretary of		
	04/10/2019	
State		20192480825

Delaware

MUFG Union Bank, N.A
successor-in-interest thereto or a current or
future subsidiary or affiliate

Wisconsin Lift

Truck Corp.

Equipment

Woodward FST, Inc.

<u>Jurisdiction</u>	<u>File Date</u>	<u>File Number</u>	<u>Secured Party</u>	<u>Description of Collateral</u>
Delaware Secretary of State	06/07/2004	20041568551	Citibank, N.A. Corporation and its subsidiaries and affiliates, purchased by Citibank,	Accounts receivable Raytheon Technologies N.A. under the terms of the Supplier Agreement, and all collections thereon and

<u>Jurisdiction</u>	<u>File Date</u>	<u>File Number</u>	<u>Secured Party</u>	<u>Description of Collateral</u>
Delaware Secretary of State	11/08/2019	20197906691	Bank, N.A.	proceeds thereof Receivables from General
MUFG Union				Electric Company or any successor-in-interest thereto or a current or future subsidiary or affiliate

SuperTurbo Technologies, Inc.

<u>Jurisdiction</u>	<u>File Date</u>	<u>File Number</u>	<u>Secured Party</u>	<u>Description of Collateral</u>
Delaware				
Secretary of State			IP Successor Fund	
Delaware	05/11/2020	20203312131		
Bank of the West				
Secretary of State	05/05/2022	20223805330	21, L.P.	All assets of Debtor

Foreign Subsidiaries PM Control Systems (India) Private Ltd.

<u>Secured Party</u>	<u>Description of Collateral</u>	<u>Amount</u>
Axis Bank Limited	Cash margin given for performance bank guarantee to Kribhco Fertilizer	INR 175,127
Axis Bank Limited	Cash margin given for performance bank guarantee to Kribhco Fertilizer	INR 99,171
Axis Bank Limited	INR 644,787	
Cash margin given for performance bank guarantee to Gajrat Narmada Valley Fertilizers and Chemicals Ltd		
Axis Bank Limited	Cash margin given overdraft facility	INR 336,426

Woodward India Private Ltd.

<u>Secured Party</u>	<u>Description of Collateral</u>	<u>Amount</u>
Bank of India, Balahgath	INR 6,646,017	
Cash margin given for performance bank guarantees given to various customers		

SCHEDULE 1.14
PERMITTED EXISTING CONTINGENT OBLIGATIONS

Woodward, Inc. Guarantees:

- | | | |
|----|---|---|
| A. | <i>To:</i> HSBC – Tianjin
<i>For:</i> Woodward (Tianjin) Controls Company Limited, Tianjin
USD 27,500,000 For USD | 25,000,000 Line of credit Includes bank guarantees |
| B. | <i>To:</i> The Bank of Tokyo-Mitsubishi UFJ Ltd. – Funabashi
<i>For:</i> Woodward Japan LLC | USD 15,000,000
For JPY 300,000,000 Line of credit Includes bank guarantees |
| C. | <i>To:</i> Banco J.P. Morgan S.A. <i>For:</i> Woodward Comércio de Sistemas de Controle e Proteção Eléctrica Ltda.
BRL 1,000,000 | For Line of credit |

Woodward Aken GmbH Guarantees:

- | | | |
|----|---|-------------------------|
| A. | <i>To:</i> Zurich Insurance plc
<i>For:</i> Woodward L'Orange GmbH | EUR 1,716,733 guarantee |
|----|---|-------------------------|

Standalone Lines of Credit:

A.	To: The Bank of Tokyo-Mitsubishi UFJ, Ltd. – Funabashi For: Woodward Japan LLC	For customs guarantees Balance drawn at close – JPY 14,048,000
JPY 32,000,000		
B.	To: The Bank of Tokyo-Mitsubishi UFJ, Ltd. – Funabashi For: Woodward Japan LLC	For performance bond Balance drawn at close – JPY 846,330
JPY 15,000,000		
C.	To: The Bank of Tokyo-Mitsubishi UFJ, Ltd. – Funabashi For: Woodward Japan LLC	JPY 300,000,000 Line of credit Balance drawn at close - zero
D.	To: Banco J.P. Morgan S.A. For: Woodward Comércio de Sistemas de Controle e Proteção Eléctrica Ltda.	Line of credit Balance drawn at close - zero
BRL 1,000,000		
E.	To: HSBC – Tianjin For: Woodward (Tianjin) Controls Company Limited, Tianjin	Line of credit Includes bank guarantees Balance drawn at close - zero
USD 25,000,000		

SCHEDULE 1.1.5 AGREED JURISDICTIONS

1. The Federal Republic of Germany
 2. The Kingdom of the Netherlands
 3. The Swiss Confederation
 4. The Grand Duchy of Luxembourg
-

SCHEDULE 3.2 TRANSITIONAL LETTERS
OF CREDIT

Applicant Name	Issuing Bank (Ref. No.)	Applicant (Ref. No.)	Beneficiary Name	Country	Issue Date	Expiry Date	L.C. Cy	Face Amt in L.C. Cy	Outstanding Amt in L.C. Cy	Outstanding Amt in USD
WOODWARD POWER SOLUTIONS GMBH	NUSCG080235	ADP-9519 WARR	MAN ENERGV SOLUTIONS SE	GERMANY	26-Jan-2020	05-Mar-21	EUR	249,824.44	249,824.44	252,511.90
Subtotal for WOODWARD POWER SOLUTIONS GMBH: 282,613.90										
WOODWARD, INC.	NUSCG081226	Dalian - WLO Suzhou	DALIAN CRRC DIESEL ENGINE CO., LTD.	CHINA	09-Aug-2021	30-Jul-22	EUR	240,000.00	0.00	0.00
WOODWARD, INC.	CPCS-539575	539575	ZURICH AMERICAN INSURANCE COMPANY	UNITED STATES	22-Nov-2011	01-Dec-22	USD	7,675,000.00	7,675,000.00	7,675,000.00
WOODWARD, INC.	CPCS-156921	SENTRY INSURANCE LC	SENTRY INSURANCE METAL COMPANY	UNITED STATES	22-Oct-2018	01-Feb-23	USD	130,000.00	130,000.00	130,000.00
WOODWARD, INC.	CPCS-156920	WWD PRESTWICK CUSTOM DUTY WLO Lease	HM REVENUE AND CUSTOMS	UNITED KINGDOM	22-Oct-2018	30-Jun-23	GBP	975,172.00	975,172.00	1,328,769.37
WOODWARD, INC.	NUSCG081222		TP FUNFTE	GERMANY	28-Sep-2020	10-Oct-23	EUR	190,000.00	190,000.00	193,366.00
WOODWARD, INC.	NUSCG081220	WWD INT HLD HV - Diesel	GRUNDFOS VERMOGEN GMBH	CZECH REPUBLIC	05-Jul-2020	30-Oct-23	USD	33,681.00	33,681.00	33,681.00
WOODWARD, INC.	CPCS-537185	537185	DOOSAN SKODA POWER S.R.O. MRLP 7100 LINDER LLC	UNITED STATES	22-Oct-2018	01-Dec-23	USD	50,000.00	50,000.00	50,000.00
WOODWARD, INC.	NUSCG081887	Emerson Agreement PRR&at	EMERSON PROCESS MANAGEMENT ARABIA	SAUDI ARABIA	16-Feb-2022	30-Jul-24	USD	99,191.10	99,191.10	99,191.10
Subtotal for WOODWARD, INC.: 9,509,847.47										
Grand Total USD: 9,792,561.37										

SCHEDULE 6.3
CONFLICTS; GOVERNMENTAL CONSENTS

None.

SCHEDULE 6.8 SUBSIDIARIES

Significant Domestic Incorporated Subsidiaries and Significant Foreign Subsidiaries:

Domestic

MPC Products Corporation Woodward HRT, Inc.

Foreign (10%)

Woodward L'Orange GmbH

SUBSIDIARIES OF THE COMPANY AND OWNERSHIP OF SUBSIDIARY STOCK

Subsidiary	Jurisdiction of Organization	Outstanding Capital Stock or Similar Equity	Stockholder(s)	Significant Subs
Techni-Core, Inc.	Delaware, USA	8,000 Shares Common Stock	Woodward, Inc. – 100% of Common Stock	N
MPC Products Corporation (operating under the assumed corporate name of Woodward MPC, Inc.)	Illinois, USA	106,100 Shares Voting Preferred Stock 2,000 Shares Non-Voting Common Stock	Techni-Core, Inc. – 100% of Preferred Stock Woodward, Inc. – 84% of Common Stock Techni-Core, Inc. – 16% of Common Stock	Y
Woodward FST, Inc.	Delaware, USA	1 Share Capital Stock	Woodward, Inc. – 100%	N
Woodward Controls, LLC	Delaware, USA	2,000 Shares Common Stock	Woodward, Inc. – 100%	N
Woodward International, Inc.	Delaware, USA	1,000 Shares Capital Stock	Woodward, Inc. – 100%	N
Woodward HRT, Inc.	Delaware, USA	1,000 Shares Common Stock	Woodward, Inc. – 100%	Y

N1870G Leasing, LLC	Delaware, USA	100% ownership	Woodward, Inc. - 100%	N
Woodward Aken GmbH	Aken, Germany	2 Shares	Woodward, Inc. - 10.1% Woodward German Holding GmbH & Co. KG - 89.9%	N
Woodward Swiss Holding GmbH	Lucerne, Switzerland	Stock contribution of CHF 1,000,000 of which CHF 900,000 are paid in capital	Woodward International Holding B.V. - 100%	N
Woodward Germany Verwaltungs GmbH	Frankfurt, Germany	2 Shares	Woodward (Barbados) Euro Financing SRL - 100%	N
Woodward India Private Limited	New Delhi, India	1,156,960 Total Share Common Stock	Woodward, Inc. - 74% Woodward Energy Controls Singapore PTE LTD - 26%	N
Woodward Nederland B.V.	Hoofddorp, The Netherlands	2,500 Shares Common Stock	Woodward Nederland Holding B.V. - 100%	N
Woodward (Japan) LLC	Chiba, Japan	1,500,000 Shares Common Stock	Woodward Nederland Holding B.V. - 100%	N
Woodward Poland Sp. z o.o.	Krakow, Poland	200,000 Shares Common Stock	Woodward Nederland Holding B.V. - 100%	N
Woodward Regulateur(Quebec), Inc.	Quebec, Canada	100 Shares Common Stock	Woodward, Inc. - 100%	N
Woodward Comércio de Sistemas de Controle e Protecção Eléctrica Ltda.	Sao Paulo, Brazil	8,199,275 Total Shares Common Stock	Woodward International Holding B.V. - 77.66% Woodward Kempen GmbH - 22.34%	N

Woodward GmbH	Stuttgart, Germany	1 Share	Woodward Aken GmbH – 100%	N
Woodward Hong Kong Ltd	Hong Kong, China	1 Share Class A Ordinary Stock; 1 Share Class B Non-Voting Stock; 1 Class C Non-Voting Share	Woodward, Inc. – 66.67% Woodward Controls, Inc. – 33.33%	N
Woodward (Tianjin) Controls Company Ltd.	Tianjin, China	2,100,000 Shares Common Stock	Woodward Hong Kong Ltd. – 100%	N
Woodward Controls (Suzhou) Co., Ltd.	Suzhou, China	1,050,000 Shares Common Stock	Woodward Hong Kong Ltd. – 100%	N
Woodward Kempen GmbH	Kempen, Germany	2 Share	Woodward Aken GmbH – 100%	N
Woodward Switzerland GmbH	Zug, Switzerland	100 Registered Shares	Woodward Nederland Holding B.V. – 100%	N
Woodward Bulgaria EOOD	Sofia, Bulgaria	31,500 Registered Shares	Woodward Switzerland GmbH – 100%	N
Woodward Energy Controls Singapore Pte Ltd.	Singapore	9,621,500 Ordinary Shares	Woodward, Inc. – 100%	N
Woodward International Holding B.V.	Hoofddorp, The Netherlands	100 Shares Common Stock	Woodward Financing, LLC – 100%	N
Woodward Nederland Holding B.V.	Hoofddorp, The Netherlands	100 Shares Common Stock	Woodward International Holding, B.V. – 100%	N
Woodward Fuel Systems Holdings, LLC	Delaware, USA	100% Ownership Interest	Woodward, Inc. – 100%	N
Woodward France S.A.S	Toulouse, France	100 Shares	Woodward International Holding B.V. – 100%	N

Super Turbo Technologies, Inc.	Delaware, USA	14,448,000 Common Stock & 440,000 Preferred Stock	Woodward, Inc. – 1.82%	N
Woodward MotoIron Systems, LLC	Delaware, USA	\$20,000 Contributed Capital	Woodward, Inc. – 50%	N
Convergence Fuel Systems, LLC	Delaware, USA	\$252,362,786 & \$63,090,696 Contributed Capital, respectively.	Woodward, Inc. – 40%, Woodward Fuel Systems Holdings LLC – 10%	N
Woodward Financing, LLC	Delaware, USA	100% Ownership	Woodward, Inc. – 95% Common Woodward International, Inc. – 5% Common & 100% Preferred	N
Woodward (Barbados) Financing, SRL	Barbados	1,000 Common Quotas	WWARD (Asia) Holdings Pte. Ltd. – 100%	N
Woodward (Barbados) Euro Financing, SRL	Barbados	1,000 Common Quotas	Woodward International Holding B.V. – 100%	N
Woodward German Holding Management GmbH	Germany	25,000 Shares	Woodward International Holding B.V. – 100%	N
Woodward German Holding GmbH & Co. KG	Germany	EUR 1,000 Contributed Capital	Woodward Swiss Holding GmbH – 100% Limited Partner Woodward German Holding Management GmbH – General Partner	N
Woodward L'Orange GmbH	Germany	5,000,000 DEM	Woodward Aken GmbH – 100%	Y

Woodward L'Orange Unterstutzungskasse GmbH	Germany	EUR 25,564.59	Woodward L'Orange GmbH - 100%	N
L'Orange Fuel Injection Trading (Suzhou) Co., Ltd.	Suzhou, China	700,000 Euro	Woodward L'Orange GmbH - 100%	N
WWD Controls Systems Holding Limited	Hong Kong, China	100 ordinary shares	Woodward Hong Kong Ltd. - 100%	N
Fluid Mechanics LLC	Delaware, USA	100% Ownership	Woodward, Inc. - 100%	N
Woodward Technology Ventures LLC	Delaware, USA	100% Ownership	Woodward, Inc. - 100%	N
WWARD (Asia) Holdings Pte. Ltd.	Singapore	4 Ordinary Shares	Woodward Financing, LLC - 100%	N
Genesis Merger Sub, Inc.	Delaware, USA	100 Shares Common Stock	Woodward, Inc. - 100%	N
Woodward Inc LLC - Saudi Arabia	Saudi Arabia	1,500 shares	Woodward, Inc. - 100%	N
PM Control Systems Pte. Ltd.	Singapore	820,000 Ordinary Shares, denominated in Singapore Dollar (SGD)	WWARD (Asia) Holdings Pte. Ltd. - 100%	N
PM Control Systems (Aust) Pty. Ltd.	Australia	680,000 Ordinary Shares @ \$1 each denominated in Australian Dollars (AUD)	PM Control Systems Pte. Ltd. - 100%	N
PM Control Systems (India) Private Ltd.	India	3,590,322 Ordinary Shares @ INR 10 each, denominated in Indian Rupees (INR) 1 Ordinary Share @ INR 10 each, denominated in Indian Rupees (INR)	PM Control Systems Pte. Ltd. (99.99997%) WWARD (Asia) Holdings Pte. Ltd. (0.00003%)	N

Option Plans, Stock Repurchase Programs and Redemptions Rights:

1. Options issued and outstanding from time to time to officers, directors, executives, and/or other members of management of the Company and its subsidiaries and affiliates pursuant to and in accordance with any of the following, which may also provide for the cashless exercise of such options and the undertaking of corresponding tax payment liabilities:
 - A. Woodward 2006 Omnibus Incentive Plan effective as of January 26, 2011.
 - B. Woodward, Inc. 2017 Omnibus Incentive Plan as of September 14, 2016.
 2. Resolutions duly adopted by the Board of Directors of the Company at a meeting of the Board of Directors held on January 28, 2022, approving stock repurchase program; or any subsequent authorization or extension of such programs, including pursuant to separate resolutions of the Board of Directors; provided, that such programs when enacted shall not, in the aggregate, permit the repurchase of more than \$800,000,000 of Capital Stock.
 3. Any employment agreements entered into from time to time in the ordinary course of business which contain redemption or repurchase rights upon termination of employment.
-

SCHEDULE 6.9 ERISA

None.

Second Amended and Restated Executive Severance and Change in Control Agreement

THIS SECOND AMENDED AND RESTATED EXECUTIVE SEVERANCE AND CHANGE IN CONTROL AGREEMENT (the "*Agreement*") is made, entered into, and is effective this 18th day of October 2022, (hereinafter referred to as the "*Effective Date*"), by and between Woodward, Inc. (the "*Company*"), a Delaware corporation, and Roger A. Ross (the "*Executive*"). This Agreement replaces and supersedes the Amended and Restated Executive Severance and Change in Control Agreement dated November 16, 2021 between the Company and the Executive (the "*Prior Agreement*").

WHEREAS, the Executive is currently employed by the Company in the position of President, Aero Systems and possesses considerable experience and knowledge of the business and affairs of the Company concerning its policies, methods, personnel, and operations; and

WHEREAS, the Company is desirous of assuring insofar as possible, that it will continue to have the benefit of the Executive's services; and the Executive is desirous of having such assurances; and

WHEREAS, the Company recognizes that circumstances may arise in which the Executive's employment may be terminated without cause, including (without limitation) in connection with a Change in Control, through acquisition or otherwise, thereby causing uncertainty of employment without regard to the Executive's competence or past contributions. Such uncertainty may result in the loss of the valuable services of the Executive to the detriment of the Company and its stockholders; and

WHEREAS, as part of a strategic reorganization of the Company's existing business groups in its Aerospace business segment, the position President, Aero Systems will be eliminated as of October 18, 2022;

WHEREAS, the Company and the Executive are desirous that the Executive be motivated to remain with the Company, and the Company and Executive have agreed that on October 18, 2022 (the "Role Change Date") the Executive will transition into a new non-officer position leading the Company's key strategic initiative related to missiles and space (such transition, the "Role Change");

WHEREAS, the Company and Executive acknowledge that the Role Change constitutes a material diminution in the Executive's authorities, duties or responsibilities as an executive and/or officer of the Company and thus constitutes Good Reason, as such term is defined in this Agreement;

WHEREAS, to more effectively incentivize the Executive to accept such new position, the Company desires to (i) extend the notice period in which the Executive is required to provide a Notice of Termination specifying the occurrence of an event that constitutes Good Reason from 90 days after the Role Change Date to 18 months after the Role Change Date, and (ii) provide to the Executive certain favorable treatment with respect to equity awards that were granted to Executive prior to the Role Change Date;

WHEREAS, both the Company and the Executive are desirous that the Executive be motivated to remain with the Company and that any proposal for a Change in Control or acquisition be considered by the Executive objectively and with reference only to the business interests of the Company and its stockholders; and

WHEREAS, the Executive will be in a better position to consider the Company's best interests if the Executive is afforded reasonable security, as provided in this Agreement, against certain altered conditions of employment, including (without limitation) in connection with a Change in Control; and

WHEREAS, the Company and the Executive previously entered into the Prior Agreement;

and

WHEREAS, the Company and the Executive now desire to amend and restate the Prior Agreement as hereinafter provided.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements of the parties set forth in this Agreement, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I
Definitions

Wherever used in this Agreement, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized:

- (a) **"Agreement"** means this Second Amended and Restated Executive Change-in-Control Severance Agreement.
- (b) **"Base Salary"** means, at any time, the then regular annual rate of pay which the Executive is receiving as annual base salary.
- (c) **"Board"** means the Board of Directors of the Company.
- (d) **"Cause"** means the occurrence, prior to any termination of employment, of any one or more of the following:

(i) The Executive's willful and continued failure to substantially perform the Executive's duties with the Company (other than any such failure resulting from the incapacity due to physical or mental illness) after a written demand for substantial performance is delivered to the Executive that specifically identifies the manner in which the Committee believes that the Executive has not substantially performed the Executive's duties, and the Executive has failed to remedy the situation within fifteen (15) business days of such written notice from the Committee; or

(ii) The Executive's commission of an act materially and demonstrably detrimental to the financial condition and/or goodwill of the Company or any of its subsidiaries,

which act constitutes gross negligence or willful misconduct by the Executive in the performance of the Executive's material duties to the Company or any of its subsidiaries; or

(iii) The Executive's commission of any material act of dishonesty or breach of trust resulting or intended to result in material personal gain or enrichment of the Executive at the expense of the Company or any of its subsidiaries; or

(iv) The Executive's conviction of a felony involving moral turpitude, but specifically excluding any conviction based entirely on vicarious liability.

No act or failure to act will be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. In addition, no act or omission will constitute Cause unless (A) a resolution finding that Cause exists has been approved by a majority of all of the members of the Board at a meeting at which the Executive is allowed to appear with legal counsel and (B) the Company has given detailed written notice thereof to the Executive and, where remedial action is feasible, the Executive then fails to remedy the act or omission within a reasonable time after receiving such notice.

(e) "Change in Control" of the Company means the occurrence during the Term of any one (1) or more of the following events:

(i) Any "person" (as defined in Section 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), excluding for this purpose the Company or any subsidiary of the Company, or any employee benefit plan of the Company or any subsidiary of the Company, or any person or entity organized, appointed or established by the Company for or pursuant to the terms of such plan which acquires beneficial ownership of voting securities of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act) directly or indirectly of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities; provided, however, that no Change in Control shall be deemed to have occurred (1) as the result of an acquisition of securities of the Company by the Company which, by reducing the number of voting securities outstanding, increases the direct or indirect beneficial ownership interest of any person to thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities, but any subsequent increase in the direct or indirect beneficial ownership interest of such a person in the Company shall be deemed a Change in Control provided that such subsequent increase either occurs while such person has a direct or indirect beneficial ownership interest of thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities or results in such person then having a direct or indirect beneficial ownership interest of thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities, or (2) as a result of the acquisition directly from the Company of securities of the Company representing less than 50% of the voting power of the Company, or (3) if the Board determines in good faith that a person who has become the beneficial owner directly or indirectly of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities has inadvertently reached that level of ownership interest, and if such person divests as promptly as practicable a sufficient amount of securities of the Company so that the person no longer has a direct or indirect

beneficial ownership interest in thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities; or

(ii) During any period of twelve (12) consecutive months (not including any period prior to the Effective Date of this Agreement), individuals who at the beginning of such twelve-month period constitute the Board and any new director or directors (except for any director designated by a person who has entered into an agreement with the Company to effect a transaction described in subparagraph (i), above, or subparagraph (iii), below) whose election by the Board or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority of the Board (such individuals and any such new directors being referred to as the "Incumbent Board"); or

(iii) Consummation of a plan of merger or consolidation of the Company with any other corporation or a similar transaction or series of transactions involving the Company (a "Business Combination"), in each case unless after such a Business Combination (x) the shareholders of the Company immediately prior to the Business Combination continue to own, directly or indirectly, at least fifty-one percent (51%) of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the new (or continued) entity (including, but not by way of limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's former assets either directly or through one or more subsidiaries) immediately after such Business Combination, in substantially the same proportion as their ownership of the Company immediately prior to such Business Combination, and (y) at least a majority of the members of the board of directors of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) During any period of not more than twelve (12) consecutive months (not including any period prior to the Effective Date of this Agreement), the consummation of the sale or disposition by the Company of at least forty percent (40%) of the total gross fair market value of the Company's assets as determined by the Committee (or any transaction or series of transactions having a similar effect) unless after such transaction or series of transactions (x) the shareholders of the Company immediately prior to the transaction or series of transactions continue to own, directly or indirectly, at least fifty-one percent (51%) of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors of the acquiring entity (including, but not by way of limitation, an entity which as a result of such transaction or series of transactions owns the Company or all or substantially all of the Company's former assets either directly or through one or more subsidiaries) immediately after such transaction or series of transactions, in substantially the same proportion as their ownership of the Company immediately prior to such transaction or series of transactions, and (y) at least a majority of the members of the board of directors of such entity were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such transaction or series of transactions.

(f) **"Change in Control Period"** means the time period beginning on the date that is three (3) months prior to a Change in Control and ending on the date that is twenty-four (24) months following a Change in Control.

(g) **"Code"** means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder will include such section or regulation, any valid regulation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

(h) **"Committee"** means the Compensation Committee of the Board or, if no Compensation Committee exists, then the full Board of Directors of the Company, or a committee of Board members, as appointed by the full Board to administer this Agreement.

(i) **"Company"** means Woodward, Inc., a Delaware corporation, or any successor thereto as provided in Article 9.

(j) **"Disability"** or **"Disabled"** means the absence of the Executive from the Executive's duties with the Company on a full-time basis for a six-consecutive month period as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative.

(k) **"Effective Date"** means the date as specified in the opening sentence of this Agreement.

(l) **"Effective Date of Termination"** means the date on which a Qualifying Termination occurs, as provided in Section 2.2, which triggers the payment of Severance Benefits hereunder.

(m) **"Good Reason"** means, without the Executive's express written consent, the occurrence of any one (1) or more of the following (whether on account of a single action or a series of actions):

(i) The material diminution in the Executive's authorities, duties or responsibilities as an executive and/or officer of the Company; or

(ii) The Company's requiring the Executive to have a principal job location in excess of fifty (50) miles from the location of the Executive's principal job location at any time during the 12-month period immediately preceding the Change in Control, except for required travel on the Company's business to an extent substantially consistent with the Executive's then present business travel obligations; or

(iii) (A) During a Change in Control Period, a reduction by the Company of the Executive's Base Salary by more than 10% below the highest current base annual base salary of any participant in the company's incentive level 8, and (B) Outside of a Change in Control Period, a reduction by the Company of the Executive's Base Salary by more than 15% below the highest current base annual base salary of any participant in the company's incentive level 8 (provided that outside of a Change in Control Period, a reduction will not be a basis for Good

Reason if the same or a larger percentage reduction contemporaneously is applied to all other executive officers of the Company); or

(iv) (A) During a Change in Control Period, a reduction by the Company in the Executive's overall compensation by more than 10% below the highest overall target compensation of any participant in the company's incentive level 8, including short- and long-term incentive compensation opportunities (including, but not limited to, equity compensation awards at target grant date fair value), employee benefits and retirement plans, policies, practices or other compensation arrangements in which the Executive participates; and (B) Outside of a Change in Control Period, a reduction by the Company in the Executive's overall compensation by more than 15% below the highest overall target compensation of any participant in the company's incentive level 8, including short- and long-term incentive compensation opportunities (including, but not limited to, equity compensation awards at target grant date fair value), employee benefits and retirement plans, policies, practices or other compensation arrangements in which the Executive participates (provided that outside of a Change in Control Period, a reduction will not be a basis for Good Reason if the same or a larger percentage reduction contemporaneously is applied to all other executive officers of the Company); or

(v) The failure of the Company to obtain an agreement from any successor to the Company to assume and agree to perform the Company's obligations under this Agreement, as contemplated in Article 9; or

(vi) A material breach of this Agreement by the Company.

Unless the Executive becomes Disabled, the Executive's right to terminate employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. A termination of employment by the Executive for one of the reasons set forth in subparagraphs (i) through (vi), above, will not constitute "Good Reason" unless, within the 90 day period immediately following the occurrence of such Good Reason event, the Executive has given written notice to the Company specifying the event or events relied upon for such termination, the Company has not remedied such event or events within 30 days of the receipt of such notice and the Executive resigns within six months following the occurrence of the Good Reason event or at such later time as the Executive and the Company mutually agree (it being understood that the parties consider any effects of Section 409A before reaching agreement). Notwithstanding the preceding sentence, with respect only to the Role Change (and not any other event), the 90 day period instead shall be the 18 month period immediately following the Role Change Date. For the avoidance of doubt, Executive shall have a right to terminate employment for Good Reason, as a result of the Role Change, for a period of 18 months following the Role Change Date.

(n) "Notice of Termination" means a written notice which shall indicate the specific termination provision in this Agreement relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

(o) "Post Role Change Equity Awards" is defined in Section 2.3(f).

(p) "Pre Role Change Equity Awards" is defined in Section 2.3(e).

(q) "Prior Agreement" is defined in the preamble.

(r) "Role Change" is defined in the recitals.

(s) "Role Change Date" is defined in the recitals.

Agreement (t) "Qualifying Termination" is defined in Section 2.2. The occurrence of a Qualifying Termination may trigger the payment of Severance Benefits, as provided under this

(u) "Severance Benefits" mean the payment of severance and non-severance compensation as provided in Section 2.3 or Section 2.4, whichever is applicable.

(v) "Term" means the term of this Agreement as provided in Article 7.

**ARTICLE 2
Severance Benefits**

2.1 **Right to Severance Benefits.** Subject to the provisions of Section 11.11, the Executive shall be entitled to receive from the Company Severance Benefits as described in Section 2.3 or 2.4, as applicable if the Executive incurs a Qualifying Termination. The Executive shall not be entitled to receive duplicative severance benefits under any other Company-related plans or programs if benefits are triggered hereunder.

2.2 **Qualifying Termination.** A Qualifying Termination shall be the occurrence of any one of the following events:

(a) The Company's termination of the Executive's employment without Cause;

or

(b) The termination of employment by the Executive for Good Reason. For purposes of this Agreement, a Qualifying Termination shall not include the Executive's termination of employment by reason of death or Disability, or the Executive's voluntary retirement or other voluntary termination for reasons other than as specified in Section 2.2(b), or the Company's termination for Cause.

2.3 **Severance Benefits outside of a Change in Control Period.** In the event the Executive becomes entitled to receive Severance Benefits, as provided in Section 2.1, for a termination of employment that occurs outside of a Change in Control Period, the Company shall pay to the Executive and provide the Executive with the following Severance Benefits subject to the provisions of Article 5 below:

(a) A lump-sum amount equal to the Executive's unpaid Base Salary, accrued vacation pay, unreimbursed business expenses, and all other items earned by and owed to the Executive through and including the Effective Date of Termination (the "Accrued Obligations").

(b) A lump-sum amount equal to (i) the Executive's annual bonus (if any) that the Executive otherwise would have earned for the year that includes the Effective Date of

Termination (had the Executive remained employed for the entirety of such year), as determined at the Committee's discretion; multiplied by (ii) a fraction the numerator of which is the full number of completed days in the annual bonus plan year as of the Effective Date of Termination, and the denominator of which is 365. Any such payment will be made at the same time as other payouts (if any) under the applicable bonus plan and will be in lieu of any other payment to be made to the Executive under the annual bonus plan in which the Executive is then participating for the plan year in which the Executive's Effective Date of Termination occurs.

(c) In consideration for the Executive agreeing to the restrictive covenants described in Article 4, a lump-sum amount equal to the sum of: (i) Executive's Base Salary in effect upon the Effective Date of Termination (without regard to any reduction that would constitute Good Reason), and (ii) the higher of: (A) the Executive's annual target bonus established under the annual bonus plan in which the Executive then is participating for the bonus plan year in which the Executive's Effective Date of Termination occurs, or (B) the Executive's annual target bonus for the most recent bonus plan year ended prior to the bonus plan year in which the Executive's Effective Date of Termination occurs.

(d) Vesting and cash-out of any and all outstanding cash-based long-term incentive awards held by the Executive, as granted to the Executive by the Company as a component of the Executive's compensation. The cash-out of any such award(s) shall be in a lump-sum amount or amounts equal to (i) the Executive's cash-based award(s) (if any) under the Company's long-term incentive plan that the Executive otherwise would have earned for the performance period(s) that include the Effective Date of Termination (had the Executive remained employed for the entirety of each respective performance period), as determined at the Committee's discretion; multiplied by (ii) a fraction the numerator of which is the full number of completed days in the preestablished performance period for the award as of the Effective Date of Termination, and the denominator of which is the full number of days in the entire performance period (e.g., typically thirty-six (36) months). Any such payment(s) will be made at the same time as other payouts (if any) for the applicable performance period(s) under the long-term cash-based incentive plan and will be in lieu of any other payment to be made to the Executive for the applicable performance period(s) under these cash-based long-term performance-based awards.

(e) With respect only to equity compensation awards granted to the Executive by the Company prior to the Role Change Date ("Pre Role Change Equity Awards"), continued vesting of all such awards in accordance with the vesting schedule set forth in the applicable form stock option and form restricted stock unit award agreements.

(f) With respect only to equity compensation awards granted to the Executive by the Company after the Role Change Date ("Post Role Change Equity Awards"), continued vesting of the Executive's then outstanding but unvested Post Role Change Equity Awards that would have vested based solely on continued employment had Executive remained employed for an additional twelve (12) months (in other words, excluding any awards the vesting of which as of the date of termination of employment is (i) subject to the attainment of performance conditions that have not been achieved as of the date of termination of employment, or (ii) scheduled to occur more than twelve (12) months after such termination of employment).

(g) Any and all of Executive's unexpired stock options (if any) and unexpired stock appreciation rights (if any) that have vested or that will vest pursuant to this Agreement will continue to be exercisable (if not exercised earlier) until the maximum expiration date of the stock option or stock appreciation right as set forth in the applicable award agreement (but subject to earlier termination upon certain corporate transactions as provided in the applicable award agreement or applicable Company equity plan). For the avoidance of doubt, this Section 2.3(f) shall apply to any stock options and stock appreciation rights that are vested as of the date of the Executive's termination of employment and to any stock options and stock appreciation rights that vest after the date of the Executive's termination of employment pursuant to Section 2.3(e), 2.3(f), or otherwise.

(h) A lump-sum amount equal to the cash equivalent of the aggregate amount of the cost (in excess of applicable contributions whether made on a pre-tax or after-tax basis that the Executive would be required to make as an active employee) to the Company and its affiliates of continuing for twelve (12) month period, or if shorter, to the date which the Executive becomes eligible to receive Medicare benefits, the health and welfare benefit coverages under which the Executive was covered immediately prior to the Executive's Effective Date of Termination. The lump-sum amount shall be determined based the same coverage level and cost to the Company as in effect immediately prior to the Executive's Effective Date of Termination.

For the avoidance of doubt, the Severance Benefits provided under this Section 2.3 are not intended to deprive the Executive of any accelerated or continued vesting or continued exercisability of Company-issued equity compensation awards to which the Executive otherwise may be entitled under any applicable Company equity compensation plan or applicable award agreement for any such Company-issued equity compensation award.

2.4 **Severance Benefits within a Change in Control Period.** In the event the Executive becomes entitled to receive Severance Benefits, as provided in Section 2.1, for a termination of employment that occurs within a Change in Control Period, the Company shall pay to the Executive and provide the Executive with the following Severance Benefits subject to the provisions of Article 5 below:

(a) A lump-sum amount equal to the Executive's unpaid Base Salary, accrued vacation pay, unreimbursed business expenses, and all other items earned by and owed to the Executive through and including the Effective Date of Termination (the "*Accrued Obligations*").

(b) A lump-sum amount equal to (i) the higher of the following: (A) the Executive's annual bonus award earned as of the Effective Date of Termination, based on annualized actual year-to-date performance, as determined at the Committee's discretion, under the annual bonus plan in which the Executive is then participating for the bonus plan year in which the Executive's Effective Date of Termination occurs or (B) the Executive's annual target bonus (without regard to any reduction that would constitute Good Reason) established under such plan for such year, multiplied by (ii) a fraction the numerator of which is the full number of completed days in the annual bonus plan year as of the Effective Date of Termination, and the denominator of which is 365. This payment will be in lieu of any other payment to be made to the Executive under the annual bonus plan in which the Executive is then participating for the plan year in which the Executive's Effective Date of Termination occurs.

(c) A lump-sum amount equal to the sum of the following: (i) the higher of:

(A) the Executive's Base Salary in effect upon the Effective Date of Termination, or (B) the Executive's Base Salary in effect immediately prior to the date of the Change in Control (without regard to any reduction that would constitute Good Reason); and (ii) the higher of: (A) the Executive's annual target bonus established under the annual bonus plan in which the Executive is then participating for the bonus plan year in which the Executive's Effective Date of Termination occurs, or (B) the Executive's annual target bonus for the most recent bonus plan year ended prior to the date of the Change in Control.

(d)

In consideration for the Executive agreeing to the restrictive covenants described in Article 4, an additional lump-sum amount equal to the sum of the following: (i) the higher of: (A) the Executive's Base Salary in effect upon the Effective Date of Termination, or (B) the Executive's Base Salary in effect immediately prior to the date of the Change in Control (without regard to any reduction that would constitute Good Reason); and (ii) the higher of: (A) the Executive's annual target bonus established under the annual bonus plan in which the Executive is then participating for the bonus plan year in which the Executive's Effective Date of Termination occurs, or (B) the Executive's annual target bonus (without regard to any reduction that would constitute Good Reason) for the most recent bonus plan year ended prior to the date of the Change in Control.

(e)

Vesting and cash-out of any and all outstanding cash-based long-term incentive awards held by the Executive, as granted to the Executive by the Company as a component of the Executive's compensation. The cash-out of any such award shall be in a lump-sum amount equal to (i) the higher of the following: (A) the Executive's cash-based award earned as of the Effective Date of Termination under the Company's long-term incentive plan, based on actual performance, as determined at the Committee's discretion, for the applicable performance period through the Effective Date of Termination, or (B) the target award level (without regard to any reduction that would constitute Good Reason) established for such award; multiplied by (ii) a fraction the numerator of which is the full number of completed days in the preestablished performance period for the award as of the Effective Date of Termination, and the denominator of which is the full number of days in the entire performance period (e.g., typically thirty-six (36) months). This payment(s) will be in lieu of any other payment to be made to the Executive under these cash-based long-term performance-based awards.

(f)

A lump-sum amount equal to the cash equivalent of the aggregate amount of contributions (other than pre-tax salary deferral contributions by the Executive) that the Company and its affiliates would have made on behalf of the Executive to its tax-qualified, defined contribution retirement plan(s), whether or not the Executive was vested therein, during the twenty-four (24) month period beginning on the Effective Date of Termination, had (i) the Executive continued as an active participant therein during such period, (ii) the Executive's rate of compensation being recognized by each plan prior to the Effective Date of Termination continued in effect, (iii) in the case of matching contributions, the Executive's rate of contributions in effect on the date immediately prior to the Effective Date of Termination remained in effect and (iv) in the case of discretionary contributions by the Company or its affiliates, the Company and its affiliates continued to make such contributions at the rate that applied to the most recent plan year that ended prior to the Effective Date of Termination.

(g) A lump-sum amount equal to the cash equivalent of the aggregate amount of the cost (in excess of applicable contributions whether made on a pre-tax or after-tax basis that the Executive would be required to make as an active employee) to the Company and its affiliates of continuing for a twenty-four (24) month period, or if shorter, to the date which the Executive becomes eligible to receive Medicare benefits, the health and welfare benefit coverages under which the Executive was covered immediately prior to the Executive's Effective Date of Termination. The lump-sum amount shall be determined based the same coverage level and cost to the Company as in effect immediately prior to the Executive's Effective Date of Termination.

(h) With regard to any Company-issued equity compensation awards that were issued prior to the Change in Control (whether Pre Role Change Equity Awards or Post Role Change Equity Awards) that did not immediately vest in connection with such Change in Control, continued vesting of such awards (but excluding any awards the vesting of which as of the date of termination of employment are subject to the attainment of performance conditions that have not been achieved as of the date of termination of employment).

(i) With regard to any Company-issued equity compensation awards that were issued in or after the Change in Control, continued vesting of such awards that would have vested based solely on continued employment had Executive remained employed for an additional twelve (12) months (in other words, excluding any awards the vesting of which as of the date of termination of employment is (i) subject to the attainment of performance conditions that have not been achieved as of the date of termination of employment, or (ii) scheduled to occur more than twelve (12) months after such termination of employment).

(j) Executive's vested unexpired stock options (if any) and vested unexpired stock appreciation rights (if any) will continue to be exercisable (if not exercised earlier) until the maximum expiration date of the stock option or stock appreciation right as set forth in the applicable award agreement (but subject to earlier termination upon certain corporate transactions as provided in the applicable award agreement or applicable Company equity plan). For the avoidance of doubt, this Section 2.4(j) shall apply to any stock options and stock appreciation rights that are vested as of the date of the Executive's termination of employment and to any stock options and stock appreciation rights that vest after the date of the Executive's termination of employment pursuant to Section 2.4(i), Section 2.4(b) or otherwise.

(k) For the avoidance of doubt, the Severance Benefits provided under this Section 2.4 are not intended to deprive the Executive of any accelerated or continued vesting or continued exercisability of Company-issued equity compensation awards to which the Executive otherwise may be entitled under any applicable Company equity compensation plan or applicable award agreement for any such Company-issued equity compensation award.

2.5 **Termination for Any Reason Other Than a Qualifying Termination.** If the Executive incurs a termination of employment which is not a Qualifying Termination, the Company shall pay the Executive the Executive's Accrued Obligations and the Company shall have no further obligations to the Executive under this Agreement. Notwithstanding the foregoing, in the event the Executive's employment is terminated for any reason other than a termination by the Company for Cause (which for the avoidance of doubt may be for reasons other than termination by the Executive for Good Reason or a termination by the Company without Cause),

the provisions of Sections 2.3(e) and 2.3(f) (outside a Change in Control Period) and the provisions of Sections 2.4(b), 2.4(i) and 2.4(j) (within a Change in Control Period) shall apply. The provisions of this Section 2.5 shall survive the Term.

2.6 **Notice of Termination.** Any termination of the Executive's employment by the Company for Cause or by the Executive for Good Reason shall be communicated by Notice of Termination to the other party.

**ARTICLE 3
Form and Timing of Severance Benefits**

3.1 **Form and Timing of Severance Benefits.** Subject to the provisions of Article 10, the Severance Benefits described in Section 2.3 shall be paid in cash to the Executive in a single lump sum as soon as practicable but, except as provided in Section 11.11, in no event later than thirty (30) days following the Effective Date of Termination.

3.2 **Withholding.** The Company shall withhold from any amounts payable under this Agreement all federal, state, city, or other taxes and amounts as legally shall be required.

**ARTICLE 4
Restrictive Covenants**

The Executive shall be subject to the following restrictive covenants as of the Effective Date of this Agreement:

(a) **Noncompetition.** Unless prohibited by applicable law, during the term of employment with the Company or its affiliates or subsidiaries and for a period of twelve (12) months after the Effective Date of Termination, the Executive shall not: (i) directly or indirectly act alone or in concert or conspire with any person in order to engage in or prepare to engage in or to have a financial or other interest in any business or any activity which the Executive knows (or reasonably should have known) to be directly competitive with the business of the Company or its subsidiaries as then being carried on; or (ii) serve as an employee, agent, partner, shareholder, director or consultant for, or in any other capacity participate, engage, or have a financial or other interest in any business or any activity which the Executive knows (or reasonably should have known) to be directly competitive with the business of the Company or its subsidiaries as then being carried on (provided, however, that notwithstanding anything to the contrary contained in this Agreement, the Executive may own up to five percent (5%) of the outstanding shares of the capital stock of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934).

(b) **Confidentiality.** The Company has advised the Executive, and the Executive acknowledges, that it is the policy of the Company to maintain as secret and confidential all Protected Information (as defined below), and that Protected Information has been and will be developed at substantial cost and effort to the Company. Other than in the regular course of the Executive's employment with the Company, all Protected Information shall remain confidential permanently and the Executive shall not at any time, directly or indirectly, divulge, furnish, or make accessible to any person, firm, corporation, association, or other entity, nor use in any manner, either during the term of employment or after termination, at any time, for any reason.

any Protected Information, or cause any such information of the Company to enter the public domain, other than with the written consent of the Company or as may be required by law or legal process (after giving the Company notice and an opportunity to contest such requirement).

For purposes of this Agreement, "Protected Information" means trade secrets, confidential and proprietary business information of the Company and its subsidiaries, and any other information of the Company and its subsidiaries, including, but not limited to, customer lists (including potential customers), sources of supply, processes, plans, materials, pricing information, internal memoranda, marketing plans, internal policies, and products and services which may be developed from time to time by the Company and its subsidiaries and their agents or employees, including the Executive; provided, however, that information that is in the public domain (other than as a result of a breach by the Executive of this Agreement), approved for release by the Company or lawfully obtained from third parties who are not bound by a confidentiality agreement with the Company, is not Protected Information.

(c) **Nonsolicitation.** During the term of employment and for a period of twelve (12) months after the Effective Date of Termination, the Executive shall not employ or retain or solicit for employment or arrange to have any other person, firm, or other entity employ or retain or solicit for employment or otherwise participate in the employment or retention of any person who is an employee or consultant of the Company or any subsidiary thereof.

(d) **Cooperation.** Executive agrees to cooperate with the Company and its attorneys in connection with any and all lawsuits, claims, investigations, or similar proceedings that have been or could be asserted at any time arising out of or related in any way to Executive's employment by the Company or any of its subsidiaries.

(e) **Nondisparagement.** At all times, the Executive agrees not to disparage the Company or otherwise make comments harmful to the Company's reputation.

(f) **Remedies.** The Executive and the Company agree that the restrictive covenants contained in this Article 4 are reasonable under the circumstances, and further agree that if in the opinion of any court of competent jurisdiction any such covenant is not reasonable in any respect, such court will have the right, power and authority to excise or modify any provision or provisions of such covenants as to the court will appear not reasonable and to enforce the remainder of the covenants as so amended. The Executive acknowledges and agrees that the remedy at law available to the Company for breach of any of the Executive's obligations under this Article 4 would be inadequate and that damages flowing from such a breach may not readily be susceptible to being measured in monetary terms. Accordingly, the Executive acknowledges, consents and agrees that, in addition to any other rights or remedies that the Company may have at law, in equity or under this Agreement, upon adequate proof of the Executive's violation of any such provision of this Agreement, the Company will be entitled to seek immediate injunctive relief, including but not limited to, a temporary order restraining any threatened or further breach, without the necessity of proof of actual damage.

ARTICLE 5
Golden Parachute

5.1 **Potential Reduction.** If any portion of the Severance Benefits or any other payment under this Agreement, or under any other agreement with, or plan of the Company or its subsidiaries or affiliates, including, without limitation, any stock option or similar right, or the lapse or termination of any restriction on or vesting or exercisability of any of the foregoing (in the aggregate, "*Total Payments*") would constitute an "excess parachute payment" within the meaning of Section 280G of the Code and but for this Section, would be subject to the excise tax imposed by Section 4999 of the Code, then such *Total Payments* shall be either (a) delivered in full, or (b) delivered as to the maximum extent which would result in no portion of such *Total Payments* being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999 or similar state or local law, results in the receipt by the Executive on an after-tax basis, of the greatest amount of *Total Payments*, notwithstanding that all or some portion of such *Total Payments* may be taxable under Section 4999 of the Code.

5.2 **Determination.** A determination as to whether a reduction of *Total Payments* will be made pursuant to Section 5.1 shall be made at the Company's expense by a nationally recognized accounting or consulting firm ("*Advisor*") selected by the Company. The *Advisor* shall provide such determination (the "*Determination*"), together with detailed supporting calculations and documentation to the Executive and the Company within ten (10) business days of the Effective Date of Termination if applicable, or such other time as requested by the Company or by the Executive (provided the Executive reasonably believes that any of the *Total Payments* may be subject to the Excise Tax). For purposes of making the calculations required by this paragraph, the *Advisor* may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and the Executive shall furnish to the *Advisor* such information and documents as the *Advisor* may reasonably request in order to make a determination under this Section. Within ten (10) business days of the delivery of the *Determination* to the Executive and the Company, the Executive shall have the right to dispute the *Determination*. If there is no dispute, the *Determination* shall be binding, final and conclusive upon the Company and the Executive subject to the application of Section 5.3.

5.3 **Assignment of Reduction.** In the event the *Advisor* shall determine that the *Total Payments* provided to the Executive should be reduced in order to provide the Executive the greatest amount of *Total Payments*, on an after-tax basis, as described in Section 5.1, the *Total Payments* under this Agreement shall be reduced by the minimum extent necessary (but in no event to less than zero) so that no portion of such *Total Payments*, as so reduced, shall be subject to excise tax under Section 4999 of the Code. Any necessary reduction shall be applied against the Severance Benefits in the following order: (a) reduction of cash payments in reverse chronological order (that is, the cash payment owed on the latest date following the occurrence of the event triggering the excise tax will be the first cash payment to be reduced); (b) cancellation of equity awards that were granted "contingent on a change in ownership or control" within the meaning of Section 280G of the Code in the reverse order of date of grant of the equity awards (that is, the most recently granted equity awards will be cancelled first); (c) reduction of the accelerated or continued vesting of equity awards in the reverse order of date of grant of the equity awards (that is, the vesting of the most recently

granted equity awards will be cancelled first); and (d) reduction of employee benefits in reverse chronological order (that is, the benefit owed on the latest date following the occurrence of the event triggering the Excise Tax will be the first benefit to be reduced). In no event will Executive have any discretion with respect to the ordering of any reductions.

ARTICLE 6
The Company's Payment Obligation

6.1 **Payment Obligations Absolute.** The Company's obligation to make the payments and the arrangements provided for herein shall be absolute and unconditional, and shall not be affected by any circumstances including, without limitation, any offset, counterclaim, recoupment, defense, or other right which the Company may have against the Executive or anyone else. All amounts payable by the Company hereunder shall be paid without notice or demand. Each and every payment made hereunder by the Company shall be final.

The Executive shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Agreement, and the obtaining of any such other employment shall in no event affect the Company's obligations to make the payments and arrangements required to be made under this Agreement.

6.2 **Contractual Rights to Benefits.** This Agreement establishes and vests in the Executive a contractual right to the benefits to which the Executive is entitled hereunder. However, nothing herein contained shall require or be deemed to require, or prohibit or be deemed to prohibit, the Company to segregate, earmark, or otherwise set aside any funds or other assets, in trust or otherwise, to provide for any payments to be made or required hereunder.

ARTICLE 7
Term of Agreement

The term of this Agreement (the "*Term*") will commence on the Effective Date and shall terminate on November 16, 2026.

Neither the expiration or termination of the Term nor the occurrence of a Change in Control will impair the rights or obligations of the Executive or the Company that accrue hereunder prior to such expiration, termination or occurrence, except to the extent specifically stated herein. In addition to the foregoing, (a) Section 2.5 shall survive the expiration or termination of this Agreement and the Term, (b) provided that the Executive is entitled to and ultimately receives Severance Benefits under Section 2.1, the Executive's covenants contained in Article 4 and release under Section 11.11 will survive the expiration or termination of this Agreement and the Term or the termination of Executive's employment for any reason whatsoever, and (c) in all cases the provisions of Article 11 and the Company's obligations under Section 8.1 will survive the expiration or termination of this Agreement and the Term or the termination of the Executive's employment for any reason whatsoever.

ARTICLE 8
Legal Fees

8.1 **Legal Fees and Expenses**

(a) This Section 8 shall apply only to any actual, planned or threatened Qualifying Termination or claim of Good Reason that occurs within a Change in Control Period.

(b) It is the intent of the Company that the Executive not be required to incur legal fees and the related expenses associated with the interpretation, enforcement or defense of Executive's rights in connection with any dispute arising under this Agreement because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Executive hereunder. Accordingly, if it should appear to the Executive that the Company has failed to comply with any of its obligations under this Agreement or in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any proceeding designed to deny, or to recover from, the Executive the benefits provided or intended to be provided to the Executive hereunder, the Company irrevocably authorizes the Executive from time to time to retain counsel of Executive's choice, at the expense of the Company as hereafter provided, to advise and represent the Executive in connection with any such dispute or proceeding. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to the Executive's entering into an attorney-client relationship with such counsel, and in that connection the Company and the Executive agree that a confidential relationship will exist between the Executive and such counsel. Without respect to whether the Executive prevails, in whole or in part, in connection with any of the foregoing, the Company will pay and be solely financially responsible for any and all reasonable attorneys' and related fees and expenses incurred by the Executive in connection with any of the foregoing (including, without limitation, costs of mediation, arbitration, litigation, court fees, expert fees, witness expenses and reasonable attorneys' fees) during the period beginning on the Effective Date and ending 10 years after the date of the Executive's termination of employment.

(c) Payments due to the Executive under this Section 8 will be made within five business days (but in any event no later than the last day of the Executive's tax year following the tax year in which the Executive incurs the expense) after delivery of the Executive's written requests for payment, accompanied by such evidence of fees and expenses incurred as the Company may reasonably require, provided that (i) the reimbursements or in-kind benefits to be provided by the Company in one taxable year will not affect the reimbursement or in-kind benefits that the Company is obligated to pay in any other taxable year and (ii) the Executive's right to reimbursement or in-kind benefits will not be subject to liquidation or exchange for another benefit.

ARTICLE 9 Successors

9.1 **Successors to the Company.** The Company shall require any successor (whether direct or indirect, by purchase, merger, reorganization, consolidation, acquisition of property or stock, liquidation, or otherwise) of all or a significant portion of the assets of the Company by agreement, in form and substance satisfactory to the Executive, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. Regardless of whether such agreement is executed, this Agreement shall be binding upon any successor in accordance with the operation of law and such successor shall be deemed the "Company" for purposes of this Agreement.

9.2 **Assignment by the Executive.** This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If the Executive dies while any amount would still be payable to the Executive hereunder had the Executive continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee, or if there is no such designee, to the Executive's estate.

ARTICLE 10
Section 409A of the Code

Notwithstanding any contrary provision of the Agreement:

(a) Any amount payable upon the Effective Date of Termination that, when considered together with any other severance payments or separation benefits, is deemed deferred compensation subject to Section 409A of the Code ("Deferred Payments") shall not be payable until the Executive has a "separation from service" with the Company within the meaning of Section 409A of the Code and the Department of Treasury regulations and other guidance promulgated thereunder ("Section 409A"). Any Deferred Payments will be paid on the sixtieth (60th) day following the Executive's separation from service or, if later, such time as required by subsection (c) below.

(b) It is intended that none of the severance payments under this Agreement will constitute a Deferred Payment but rather will be exempt from Section 409A as a payment that would fall within the "short-term deferral period" as described below or resulting from an involuntary separation from service as described below. For purposes of Section 409A of the Code (including, without limitation, for purposes of Treasury Regulation Section 1.409A-2(b)(2)(ii)), the Executive's right to receive any payment, including installment payments (if any), under the Agreement shall be treated as a right to receive separate payments or a series of separate payments and, accordingly, each such payment or installment payment shall at all times be considered a separate and distinct payment.

(c) Notwithstanding any provision of this Agreement to the contrary, if the Executive is a "specified employee" (within the meaning of Section 409A and determined pursuant to the identification methodology selected by the Company from time to time) at the time of the Executive's separation from service (other than due to death), then any Deferred Payments otherwise payable within the first six (6) months following the Executive's separation from service will be paid on the earlier of (i) the date six (6) months and one (1) day following the date of the Executive's separation from service, and (ii) the Executive's death (the applicable date, the "Permissible Payment Date"). The Company will pay Interest Severance (as defined below) on the Deferred Payments delayed under this subsection (c), as set forth in Section 11.9. Any remaining Deferred Payments due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(d) Any amount paid under this Agreement that satisfies the requirements of the "short term deferral" rule set forth in Treasury Regulation Section 1.409A-1(b)(4) will not constitute Deferred Payments for purposes of subsection (a) above. Any amount paid under this

Agreement that qualifies as a payment made as a result of an involuntary separation from service pursuant to Treasury Regulation Section 1.409A-1(b)(9)(iii) that does not exceed the Section 409A Limit (as defined below) will not constitute Deferred Payments for purposes of subsection (a) above.

(e) The provisions of this Article 10 are intended to comply with, or be exempt from, the requirements of Section 409A so that none of the severance payments and benefits to be provided under this Agreement will be subject to the additional tax imposed under Section 409A, and any ambiguities and/or ambiguous terms herein will be interpreted to so comply or be exempt. To the extent that there is a material risk that any payments under this Agreement may result in the imposition of an additional tax to the Executive under Section 409A, the Company will reasonably cooperate with the Executive to amend this Agreement such that payments hereunder comply with Section 409A without materially changing the economic value of this Agreement to either party. In no event will the Company reimburse the Executive for any taxes that may be imposed on the Executive as a result of Section 409A.

(f) For purposes of this Agreement, "Section 409A Limit" means two (2) times the lesser of: (i) the Executive's annualized compensation based upon the annual rate of pay paid to the Executive during the Executive's taxable year preceding the Executive's taxable year of the Executive's termination of employment as determined under, and with such adjustments as are set forth in, Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)(1) and any Internal Revenue Service guidance issued with respect thereto; or (ii) the maximum amount that may be taken into account under a qualified plan pursuant to Code Section 401(a)(17) for the year in which the Executive's employment is terminated.

ARTICLE 11 Miscellaneous

11.1 **Employment Status.** This Agreement is not, and nothing herein shall be deemed to create, an employment contract between the Executive and the Company or any of its subsidiaries. The Executive acknowledges that the rights of the Company remain wholly intact to change or reduce at any time and from time to time the Executive's compensation, title, responsibilities, location, and all other aspects of the employment relationship, or to discharge the Executive at any time (subject to such discharge possibly being considered a Qualifying Termination pursuant to Section 2.2).

11.2 **Entire Agreement.** This Agreement contains the entire understanding of the Company and the Executive with respect to the subject matter hereof and amends and restates the Prior Agreement, which Prior Agreement will, without further action, be superseded and without further effect as of the Effective Date. In addition, the payment of Severance Benefits provided for under this Agreement in the event of the Executive's termination of employment shall be in lieu of any severance benefits payable under any severance plan, program, or policy of the Company to which the Executive might otherwise be entitled.

11.3 **Notices.** All notices, requests, demands, and other communications hereunder shall be sufficient if in writing and shall be deemed to have been duly given if delivered by hand or, if

sent by registered or certified mail to the Executive at the last address the Executive has filed in writing with the Company or, in the case of the Company, at its principal offices.

11.4 **Execution in Counterparts.** This Agreement may be executed by the parties hereto in counterparts, each of which shall be deemed to be original, but all such counterparts shall constitute one and the same instrument, and all signatures need not appear on any one counterpart.

11.5 **Conflicting Agreements.** The Executive hereby represents and warrants to the Company that the Executive's entering into this Agreement, and the obligations and duties undertaken by the Executive hereunder, will not conflict with, constitute a breach of, or otherwise violate the terms of, any other employment or other agreement to which the Executive is a party, except to the extent any such conflict, breach, or violation under any such agreement has been disclosed to the Board in writing in advance of the signing of this Agreement.

Notwithstanding any other provisions of this Agreement to the contrary, if there is any inconsistency between the terms and provisions of this Agreement and the terms and provisions of Company-sponsored compensation and welfare plans and programs, the Agreement's terms and provisions shall completely supersede and replace the conflicting terms of the Company-sponsored compensation and welfare plans and programs, where applicable.

11.6 **Severability.** In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included. Further, the captions of this Agreement are not part of the provisions hereof and shall have no force and effect.

Notwithstanding any other provisions of this Agreement to the contrary, the Company shall have no obligation to make any payment to the Executive hereunder to the extent, but only to the extent, that such payment is prohibited by the terms of any final order of a federal or state court or regulatory agency of competent jurisdiction, provided, however, that such an order shall not affect, impair, or invalidate any provision of this Agreement not expressly subject to such order.

11.7 **Modification.** No provision of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to in writing and signed by the Executive and by a member of the Committee, as applicable, or by the respective parties' legal representatives or successors.

11.8 **Applicable Law.** To the extent not preempted by the laws of the United States, the laws of Illinois shall be the controlling law in all matters relating to this Agreement without giving effect to principles of conflicts of laws.

11.9 **Interest.** Without limiting the rights of the Executive at law or in equity, (a) if the Company fails to make any payment or provide any benefit required to be made or provided hereunder on a timely basis, or (b) any payments or benefits are delayed pursuant to subsection (c) of Article 10 above (in each case, the "*Delayed Payments*"), then the Company will pay interest on the amount or value of the Delayed Payments at an annualized rate of interest equal to the "prime rate" as set forth from time to time during the relevant period in The Wall Street Journal "Money Rates" column plus 2% (the "*Interest Severance*"). Any change in such prime rate will

be effective on and as of the date of such change. For the avoidance of doubt, the Interest Severance will be deemed an additional severance amount of the Delayed Payment to which the Interest Severance relates. The Interest Severance will be paid in a single lump sum amount at the same time or times as when the Delayed Payment, to which the accrued Interest Severance relates, is made or provided to the Executive. In no event will the Executive have any discretion to determine the timing of receipt of any Interest Severance.

11.10 **Other Benefits.** Except as expressly provided herein, this Agreement will not affect any rights that Executive may have upon the Executive's termination of employment for any reason under any other agreement, policy, plan program or arrangement of the Company or any affiliate providing benefits, which rights shall be governed by the terms thereof.

11.11 **Release.** The Executive's entitlement to receive from the Company Severance Benefits (other than Accrued Obligations) as provided in Section 2.1 is expressly conditioned on: (a) the Executive executing and delivering to the Company a Release Agreement, in the form customarily used by the Company at the executive level prior to the Change in Control (and which restrictive covenants thereunder, if any, shall be no more restrictive on the Executive than those terms set forth in Article 4 above), within twenty-one (21) days (or forty-five (45) days if the Company determines and notifies the Executive in writing that such longer period is required under the Age Discrimination in Employment Act of 1967, as amended ("*ADEA*")) after the occurrence of the Executive's Qualifying Termination (provided that the Company must deliver the Release Agreement to the Executive no later than two (2) days following the Executive's Qualifying Termination), and (b) Executive not revoking such Release Agreement within seven (7) days after execution and delivery of such Release Agreement to the Company. If the Executive does not execute the Release Agreement and deliver it to the Company within such period or executes and delivers the Release Agreement to the Company but revokes it within seven (7) days after execution and delivery, the Executive will not be entitled to any Severance Benefits (other than Accrued Obligations). Subject to Article 10, in the event, the Company determines, as provided above, that forty-five (45) days is required under ADEA, the thirty (30) day period to pay the Severance Benefits as provided in Section 3.1 shall be sixty (60) days.

The parties have executed this Agreement on this _____ day of _____, 2022.

WOODWARD, INC. EXECUTIVE

By: [NAME] Signature

[TITLE] Printed Name

SEPARATION AND RELEASE AGREEMENT

This Separation and Release Agreement (the "Agreement") is entered into between Woodward, Inc. (the "Company") and Sagar A. Patel ("Executive") (the Company and Executive will be collectively referred to hereinafter as the "Parties").

WHEREAS, Executive is presently employed by the Company;

WHEREAS, Executive will be separated from such employment, effective October 18, 2022 (the "Termination Date");

WHEREAS, Executive has previously entered into the Company's Amended and Restated Executive Severance and Change in Control Agreement (the "Executive Severance and CIC Agreement");

WHEREAS, Executive's separation of employment is deemed a Qualifying Termination, as such term is defined in the Executive Severance and CIC Agreement; and

WHEREAS, the Parties seek to fully and finally settle all existing claims, whether or not now known, arising out of Executive's employment and termination of employment on the terms set forth herein.

NOW THEREFORE, the Parties mutually understand and agree as follows:

1. **Payments and Consideration.** In consideration for Executive's execution of this Agreement, and subject to the fulfillment of all of its terms and conditions by Executive, and provided Executive has not exercised his right of revocation as described in Article 14, Company shall pay Executive the amounts described in section 2.3 of the Executive Severance and CIC Agreement, less all applicable taxes and other lawful withholdings, as follows:

(a) **Accrued Obligations.** A lump sum amount equal to the Executive's unpaid Base Salary (as such term is defined in the Executive Severance and CIC Agreement), accrued vacation pay (if any), unreimbursed business expenses, and all other items earned by and owed to the Executive through and including the Termination Date, to be paid no later than ten (10) business days following the completion of the Revocation Periods described in Article 14.

(b) **Fiscal Year 2023 Short Term Incentive Bonus.** A lump sum amount equal to (i) Executive's annual bonus (if any) that Executive otherwise would have earned for fiscal year 2023 (had Executive remained employed for the entirety of such year), as determined at the Compensation Committee's discretion multiplied by (ii) 4.93% representing the Executive's prorated number of completed days in fiscal year 2023. Any such payment will be made at the same time as other payouts (if any) under the applicable bonus plan for the Company's fiscal year 2023 and will be in lieu of any other payment to be made to the Executive under the annual bonus plan for fiscal year 2023. Executive is responsible for notification to the company in any change of address or banking information in order to make any award payment timely.

(c) **Severance Pay.** Subject to and in consideration for the Executive agreeing to the restrictive covenants described in Article 7 below, a lump sum amount equal to (i) Eight Hundred Eighty-Four Thousand Four Hundred dollars (\$884,400), representing the sum of the Executive's base salary and annual incentive bonus for fiscal year 2023, plus (ii) Two Hundred Thousand dollars (\$200,000) to partially offset the estimated costs of any relocation by Executive from the Fort Collins, Colorado area (the sum of (i) and (ii), totaling \$1,084,400, the "Severance Pay"), to

be paid no later than ten (10) business days following the completion of the Revocation Periods described in Article 14.

(d) **Cash Long Term Incentive Plan (the "Cash LTI Plan").** A cash payment for each of the three open performance cycles of which Executive was a participant (and through October 18, 2022), equal to the pro-rated amounts (based on remaining term of each cycle as of such date and in accordance with the methodology specified in the Executive Severance and CIC Agreement) of actual payout(s), if any, for each such cycle, payable at the same time as other payouts (if any) for the applicable performance period(s) under the Cash LTI Plan. Specifically, for the FY21-FY23 cycle, the proration factor shall be 68.31%/748 of 1095 days in the performance period) of any earned award for that cycle; for the FY22-FY24 cycle, the proration factor shall be 34.95%/383 of 1096 days in the performance period) and for the FY23-FY25 cycle, the proration factor shall be 1.64%/18 of 1096 days in the performance period). Any such payment(s) will be made at the same time as other payouts (if any) for the applicable performance period(s) under the Cash LTI Plan and will be in lieu of any other payment(s) to be made to Executive for the applicable performance period(s) under the Cash LTI Plan. For the avoidance of doubt, because Executive was a participant in the Cash LTI Plan for the entirety of the recently closed FY20-FY22 cycle, Executive will also receive a payout (if any, as determined at the Compensation Committee's discretion) under the Cash LTI Plan for the FY20-FY22 cycle, to be made to Executive at the same time as other payouts (if any) for the FY20-FY22 cycle. Executive is responsible for notification to the company in any change of address or banking information in order to make any award payment timely.

(e) **Outstanding Equity Awards.** Executive is eligible for "Retirement", as such term is defined in the Company's form stock option and form restricted stock unit agreements (the "Award Agreements"). All stock options and restricted stock units previously awarded to Executive shall continue to vest and be exercisable in accordance with the terms of the Woodward 2006 Omnibus Incentive Plan and the 2017 Omnibus Incentive Plan, as applicable, and the applicable Award Agreements. For the avoidance of doubt, (i) all of Executive's unvested stock options shall continue to vest in accordance with the vesting schedule provided in the applicable Award Agreement, and all Executive's unexercised stock options (including stock options not yet vested) shall continue to be exercisable for their respective remaining 10-year terms, and (ii) all of Executive's unvested restricted stock units shall continue to vest in accordance with the vesting schedule provided in the applicable Award Agreement. Notwithstanding any of the foregoing, Executive's equity awards may terminate sooner in connection with a corporate transaction as provided in the applicable award agreement and/or 2017 Omnibus Incentive Plan.

(f) **Healthcare Benefits.** In lieu of providing Executive with any premiums or insurance coverage under any continued healthcare benefits including the Consolidated Omnibus Budget Reconciliation Act ("COBRA") or applicable state law or other similar benefits, Company will pay Executive, no later than ten (10) business days following the completion of the Revocation Periods described in Article 14, the lump sum amount of Fifty thousand dollars (\$50,000.00), approximating the pre-tax value of such coverage for a 12-month period (the "Healthcare Consideration").

(g) **Outplacement Services.** Executive will be eligible to receive outplacement services, such services to be provided at Executive's election and for a period of up to 12 months from the Effective Date of this Agreement (the "Outplacement Consideration").

(h) **Consideration.** Executive acknowledges that the Severance Pay, the Outplacement Consideration, the Healthcare Consideration, and other consideration set forth herein exceeds that to which Executive would otherwise be entitled upon termination of employment without providing a release of claims under the normal operation of the Company's benefit plans, policies, and/or practices. Irrespective of whether Executive signs this Agreement, Executive will be paid all compensation earned through the Termination Date.

2. **Waiver and Release.** For valuable consideration from the Company, receipt of which is hereby acknowledged, Executive waives, releases, and forever discharges the Company and its current and former parents, subsidiaries, affiliates, divisions, shareholders, owners, members, officers, directors, attorneys, agents, employees, insurers, successors, and assigns, and the Company's parents', subsidiaries' and affiliates' divisions, shareholders, owners, members, officers, directors, attorneys, agents, employees, insurers, successors, and assigns (collectively referred to as the "Company Releasees") from any and all rights, causes of action, claims or demands, whether express or implied, known or unknown, that arise on or before the date that Executive executes this Agreement, which Executive has or may have against the Company and/or the Company Releasees, including, but not limited to, any rights, causes of action, claims, or demands relating to or arising out of the following:

(a) anti-discrimination, anti-harassment, and anti-retaliation laws, such as the Age Discrimination in Employment Act, the Older Workers Benefit Protection Act, and Executive Order 11141, which prohibit employment discrimination based on age; Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 (42 U.S.C. § 1981), the Equal Pay Act, and Executive Order 11246, which prohibit discrimination based on race, color, national origin, religion, or sex (including sexual harassment or sexual abuse); the Genetic Information Nondiscrimination Act, which prohibits discrimination on the basis of genetic information; the Americans With Disabilities Act and Sections 503 and 504 of the Rehabilitation Act of 1973, which prohibit discrimination based on disability; and any other federal, state, or local laws prohibiting employment or wage discrimination; and

(b) other employment laws, such as the Worker Adjustment and Retraining Notification Act, which requires that advance notice be given of certain workforce reductions; the Executive Retirement Income Security Act of 1974, which, among other things, protects employee benefits; the Family and Medical Leave Act, which requires employers to provide leaves of absence under certain circumstances; state laws which regulate wage and hour matters, including all forms of compensation, vacation pay, sick pay, compensatory time, overtime, commissions, bonuses, and meal and break periods; state family, medical, and military leave laws, which require employers to provide leaves of absence under certain circumstances; the Sarbanes Oxley Act; and any other federal, state, or local laws relating to employment which—to the extent Executive performed work for the Company in West Virginia—would include, without limitation, the West Virginia Human Rights Act, and—to the extent Executive performed work for the Company in New Jersey—would include, without limitation, the New Jersey Conscientious Executive Protection Act; and

(c) tort, contract, and quasi-contract claims, such as claims for wrongful discharge, physical or personal injury, sexual harassment or sexual abuse, intentional or negligent infliction of emotional distress, fraud, fraud in the inducement, negligent misrepresentation, defamation, invasion of privacy, interference with contract or with prospective economic advantage, breach of express or implied contract, unjust enrichment, promissory estoppel, breach of covenants of

good faith and fair dealing, negligent hiring, negligent supervision, negligent retention, and similar or related claims;

(d) all remedies of any type, including, but not limited to, damages and injunctive relief, in any action that may be brought on Executive's behalf against the Company and/or the Company Releasees by any government agency or other entity or person;

(e) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received or to be received by Executive, whether as a result of this Agreement or otherwise;

(f) any claim related to any decision(s), for whatever reason, by any of the Woodward Releasees to not re-hire Executive at any time in the future; and

(g) any and all claims for attorneys' fees and costs.

Executive understands that Executive is releasing claims about which Executive may not know anything at the time Executive executes this Agreement. Executive acknowledges that it is Executive's intent to release such unknown claims, even though Executive recognizes that someday Executive might learn new facts relating to Executive's employment or learn that some or all of the facts Executive currently believes to be true are untrue, and even though Executive might then regret having signed this Agreement. Nevertheless, Executive acknowledges Executive's awareness of that risk and agrees that this Agreement shall remain effective in all respects in any such case. Executive expressly waives all rights Executive might have under any laws, including, without limitation, the laws set forth in Exhibit A to this Agreement, intended to protect Executive from waiving unknown claims.

3. **Excluded Claims.** Notwithstanding anything to the contrary in this Agreement, the waiver and release contained in this Agreement shall exclude awards to Executive from or by a government agency for providing information, as well as any rights or claims that (a) may arise after the date on which Executive executes this Agreement; or (b) cannot be released under applicable law (such as worker's compensation and unemployment insurance claims). In addition, the Parties agree that this Agreement shall not adversely affect, alter, or extinguish any vested right that Executive may have with respect to any pension or other retirement benefits to which Executive is or will be entitled by virtue of Executive's employment with the Company, and nothing in this Agreement shall prohibit Executive from enforcing such rights. Moreover, nothing in this Agreement shall prevent or preclude Executive from challenging in good faith the validity of this Agreement, nor does it impose any conditions precedent, penalties, or costs for doing so, unless specifically authorized by applicable law.

4. **No Other Claims.** Except to the extent previously disclosed by Executive in writing to the Company, Executive represents and warrants that Executive has (a) filed no claims, lawsuits, charges, grievances, or causes of action of any kind against the Company and/or the Company Releasees and, to the best of Executive's knowledge, Executive possesses no claims (including Fair Labor Standards Act ("FLSA") and worker's compensation claims); (b) received any and all compensation (including overtime compensation), meal periods, and rest periods to which Executive may have been entitled, and Executive is not currently aware of any facts or circumstances constituting a violation by the Company and/or the Company Releasees of the FLSA or other applicable wage, hour, meal period, and/or rest period laws; and (c) not suffered any work-related injury or illness within the twelve (12) months preceding Executive's execution of this Agreement, and Executive is not currently aware of any facts or circumstances that would give rise to a worker's compensation claim against the Company and/or the Company Releasees.

5. **Sexual Harassment/Sexual Abuse Claims (Tax Cuts and Jobs Act Disclosure).** This Agreement has been offered to Executive based on the Company's understanding that Executive has not suffered any sexual harassment or sexual abuse in connection with Executive's employment by the Company or services rendered in connection with the Company, including by any owner, director, officer, partner, manager, employee, agent, client, potential client, customer, potential customer, vendor, or supplier of the Company. If that understanding is incorrect, then Executive should promptly provide information relating to any such sexual harassment or sexual abuse in writing as soon as practicable to the Company contact identified in the "Review and Revocation Periods" Paragraph below, even if Executive has previously reported such information prior to receiving this Agreement. The disclosure of such information will not adversely affect the terms of this Agreement, nor will it extend the time periods described in the "Review and Revocation Periods" Paragraph below. If Executive does not provide such information in accordance with this Paragraph before Executive's execution of this Agreement, then by signing this Agreement Executive represents and warrants that Executive has not suffered any sexual harassment or sexual abuse in connection with Executive's employment by the Company or services rendered in connection with the Company, including by any owner, director, officer, partner, manager, employee, agent, client, potential client, customer, potential customer, vendor, or supplier of the Company.
6. **Wage Deduction Orders.** Executive represents and warrants that Executive is not subject to any wage garnishment or deduction orders that would require payment to a third party of any portion of the Severance Pay. Any exceptions to the representation and warranty contained in this Paragraph must be described in writing and attached to the executed copy of this Agreement that Executive submits to the Company. Such disclosure shall not disqualify Executive from receiving Severance Pay under this Agreement; provided, however, that the amount of Severance Pay described in Paragraph 1 shall be reduced in accordance with any such wage garnishment or deduction order as required by applicable law.
7. **Restrictive Covenants.** In consideration for the Severance Pay, Executive shall be subject to the following restrictive covenants as of the Effective Date of this Agreement:
- (a) **Noncompetition.** Except as may be prohibited by applicable law, for a period of twelve (12) months after the Termination Date, Executive shall not (i) directly or indirectly act alone or in concert or conspire with any person in order to engage in or prepare to engage in or to have a financial or other interest in any business or any activity which Executive knows (or reasonably should have known) to be directly competitive with the business of the Company or its subsidiaries as then being carried on; or (ii) serve as an employee, agent, partner, shareholder, director or consultant for, or in any other capacity participate, engage, or have a financial or other interest in any business or any activity which Executive knows (or reasonably should have known) to be directly competitive with the business of the Company or its subsidiaries as then being carried on (provided, however, that notwithstanding anything to the contrary contained in this Agreement, Executive may own up to five percent (5%) of the outstanding shares of the capital stock of a company whose securities are registered under Section 12 of the Securities Exchange Act of 1934).
- (b) **Confidentiality.** The Company has advised Executive, and Executive acknowledges, that it is the policy of the Company to maintain as secret and confidential all Protected Information (as defined below), and that Protected Information has been and will be developed at substantial cost and effort to the Company. Other than in the regular course of Executive's employment with the Company, all Protected Information shall remain confidential permanently and Executive shall not at any time, directly or indirectly, divulge, furnish, or make

accessible to any person, firm, corporation, association, or other entity, nor use in any manner, at any time or for any reason, any Protected Information, or cause any such information of the Company to enter the public domain, other than with the written consent of the Company or as may be required by law or legal process (after giving the Company notice and an opportunity to contest such requirement). For purposes of this Agreement, "Protected Information" means trade secrets, confidential and proprietary business information of the Company and its subsidiaries, and any other information of the Company and its subsidiaries, including, but not limited to, customer lists (including potential customers), sources of supply, processes, plans, materials, pricing information, internal memoranda, marketing plans, internal policies, and products and services which may be developed from time to time by the Company and its subsidiaries and their agents or employees, including Executive; provided, however, that information that is in the public domain (other than as a result of a breach by Executive of this Agreement), approved for release by the Company or law fully obtained from third parties who are not bound by a confidentiality agreement with the Company, is not Protected Information.

(c) Non-solicitation. For a period of twelve (12) months after the Termination Date, Executive shall not employ or retain or solicit for employment or arrange to have any other person, firm, or other entity employ or retain or solicit for employment or otherwise participate in the employment or retention of any person who is an employee or consultant of the Company or any subsidiary thereof. Nothing in the foregoing shall preclude Executive's rights to make generalized searches for employees by use of media advertisements that do not specifically target such individuals.

(d) Cooperation. Executive agrees to cooperate with the Company and its attorneys in connection with any and all lawsuits, claims, investigations, or similar proceedings that have been or could be asserted at any time arising out of or related in any way to Executive's employment by the Company or any of its subsidiaries.

(e) Non-disparagement. At all times, Executive and Company agree not to disparage the one another or otherwise make comments harmful to the other's reputation.

(f) Remedies. Executive and the Company agree that the restrictive covenants contained in this Article 7 are reasonable under the circumstances, and further agree that if in the opinion of any court of competent jurisdiction any such covenant is not reasonable in any respect, such court will have the right, power and authority to excise or modify any provision or provisions of such covenants as to the court will appear not reasonable and to enforce the remainder of the covenants as so amended. Executive acknowledges and agrees that the remedy at law available to the Company for breach of any of Executive's obligations under this Article 7 would be inadequate and that damages flowing from such a breach may not readily be susceptible to being measured in monetary terms. Accordingly, Executive acknowledges, consents and agrees that, in addition to any other rights or remedies that the Company may have at law, in equity or under this Agreement, upon adequate proof of Executive's violation of any such provision of this Agreement, the Company will be entitled to seek immediate injunctive relief, including but not limited to, a temporary order restraining any threatened or further breach, without the necessity of proof of actual damage.

(g) Adherence to Company's Insider Trading Policy. Executive shall remain subject to quarterly blackout period currently in effect until the trading restrictions under such blackout period is lifted, effective on the second business day following the public release by Woodward.

of its earnings for fiscal year 2022 (the "Blackout Lift Date"), and shall comply with all provisions of the Company's Insider Trading Policy as applicable to employees following their separation date. Following the Blackout Lift Date, and provided Executive no longer gains access to or receives material non-public information regarding the Company (including but not limited to consolidated financial information), Executive shall no longer be subject to any Company imposed blackout restrictions.

8. Right to Communicate

(a) Notwithstanding any provision of this Agreement or any other agreement executed by Executive to the contrary, there shall be no restriction on Executive's ability to (i) report violations of any law or regulation, (ii) provide truthful testimony or information pursuant to subpoena, court order, or similar legal process, (iii) provide truthful information to government or regulatory agencies, or (iv) otherwise engage in whistleblower activity protected by the Securities Exchange Act of 1934, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or any rules or regulations issued thereunder, including, without limitation, Rule 21F-17.

(b) In addition, 18 U.S.C. §1833(b) provides, "An individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Nothing in this Agreement, any other agreement executed by Executive, or any Company policy is intended to conflict with this statutory protection.

9. Future Employment With the Company. Executive agrees that neither Company nor any affiliate of Company has any obligation to hire or rehire Executive at any time in the future. Executive forever releases, waives, and relinquishes any right or claim to be hired by, or to reinstatement with, the Company (or any affiliate of the Company). Executive agrees that this Agreement is a lawful, non-discriminatory, and non-retaliatory basis upon which the Company (or any affiliate of the Company) may refuse to hire or rehire Executive.

10. Non-Admission of Liability. The Parties agree that nothing contained in this Agreement is to be construed as an admission of liability, fault, or improper action on the part of either of the Parties.

11. Return of Company Property. Executive represents and warrants that Executive has returned all property belonging to the Company, including, but not limited to, all keys, access cards, office equipment, notebooks, documents, records, files, written materials, electronic information, credit cards bearing the Company's name, and other Company property (originals or copies in whatever form) in Executive's possession or under Executive's control, with the exception of (i) Executive's Company-issued laptop, computer monitor, tablet and cellular telephone, and (ii) this Agreement and the compensation and benefits-related documents concerning Executive.

12. Indemnification of Executive Pursuant to Company Bylaws. For the avoidance of doubt, Executive will continue to be covered for prior acts and omissions as an officer of the Company by the indemnification provisions in place between Executive and the Company under the Company's Amended and Restated Bylaws. The Company will continue to provide directors and officers liability insurance coverage to Executive as a former officer of the Company for prior acts and omissions as an officer in

accordance with its D&O policy or policies generally maintained by the Company for its other past, present, and future officers of the Company.

13. Consultation With Legal Counsel. The Company hereby advises Executive to consult with an attorney prior to signing this Agreement.

14. Review and Revocation Periods. Executive acknowledges that Executive has been given at least twenty-one (21) days to consider this Agreement from the date that it was first given to Executive. Specifically, Executive has been given until November 15, 2022 (the "Expiration Date") to execute this Agreement. Executive agrees that changes in the terms of any version(s) of this Agreement, whether material or immaterial, do not restart the running of the consideration period. Executive may accept the Agreement by executing this Agreement within the designated time period. Executive shall have seven (7) days from the date that he executes the Agreement to revoke his acceptance of the Agreement by delivering written notice of revocation within the seven (7)-day period to the following Company contact:

Woodward, Inc.

Attn: Paul Benson, Corporate Vice President, Human Resources 1081 Woodward Way, Fort Collins CO 80524

If Executive does not revoke acceptance, this Agreement will become effective and irrevocable by Executive on the eighth day after Executive has executed it.

If Executive elects not to execute this Agreement and return it to the Company by the Expiration Date, the offer to pay the Severance Pay will automatically expire on the Expiration Date. If Executive or Executive's agent proposes new or different terms to the Company from those contained in this Agreement, such proposal will nullify the offer to pay the Severance Pay unless and until the Company renews its offer or makes a subsequent offer, in which case the terms of the renewed or subsequent offer (if any) will control. If Executive exercises any right of revocation Executive has under this Agreement, the offer to pay the Severance Pay will expire on the date of such revocation.

15. Choice of Law. This Agreement is made and entered into in Colorado and, to the extent the interpretation of this Agreement is not governed by applicable federal law, shall be interpreted and enforced under and shall be governed by the laws of that state.

16. Severability. Should any provision of this Agreement be held to be illegal, void or unenforceable, such provision shall be of no force and effect. However, the illegality or unenforceability of any such provision shall have no effect upon, and shall not impair the enforceability of, any other provision of this Agreement.

17. Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

18. Binding Effect. This Agreement shall be binding upon and inure to the benefit of Executive, the Company, and the Company Releasees, and their respective representatives, predecessors, heirs, successors, and assigns.

19. Entire Agreement. This Agreement contains the complete understanding between the Parties as to the subject matter contained herein, and no other promises or agreements shall be binding unless signed by both an authorized representative of the Company and Executive. In signing this Agreement, the Parties are not relying on any fact, statement, or assumption not set forth in this

Agreement. Notwithstanding the foregoing, Executive understands that any agreements signed by Executive to which the Company is a party, a successor, or an assign concerning non-disclosure of confidential information, non-competition, non-solicitation, tuition reimbursement, loan repayment, deductions from final compensation ownership of inventions or intellectual property, equity or stock plans, or the like, are not superseded by this Agreement. Rather, the terms of such agreements are incorporated herein by reference and, to the extent such agreements impose upon Executive additional and/or broader obligations than contained herein, such terms and conditions will be controlling unless the Company expressly waives in writing its right to enforce such terms and conditions.

20. Code Section 409A Compliance. It is intended that this Agreement shall comply with the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and other guidance promulgated thereunder ("Code Section 409A"), or be exempt from the application of Code Section 409A. For purposes of Code Section 409A, the right to a series of installment payments hereunder shall be treated as a right to a series of separate payments. In no event may Executive, directly or indirectly, designate the calendar year of any payment under this Agreement. Notwithstanding any provision in this Agreement to the contrary, any references to termination of employment or Termination Date shall mean and refer to "separation from service" and the date of such "separation from service" as that term is defined in Code Section 409A.

21. Specified Executive. Notwithstanding any other provision of this Agreement to the contrary, because Executive is considered a "specified employee" for purposes of Code Section 409A, any payment that constitutes "deferred compensation" within the meaning of Code Section 409A that is otherwise due to Executive as a result of such Executive's "separation from service" under this Agreement during the six (6)-month period immediately following Executive's "separation from service" shall be accumulated and paid to Executive on the first day of the seventh month following such "separation from service" ("Delayed Payment Date"), provided that if Executive dies prior to the payment of such amounts, such amounts shall be paid to the personal representative of Executive's estate on the first to occur of the Delayed Payment Date or ten (10) days following the date of Executive's death.

22. Representation and Warranty of Understanding. By signing below, Executive represents and warrants that he: (a) has carefully read and understands the terms of this Agreement; (b) is entering into the Agreement knowingly, voluntarily and of his own free will; (c) understands its terms and significance and intends to abide by its provisions without exception; (d) has not made any false statements or representations in connection with this Agreement; and (e) has not transferred or assigned to any person or entity not a party to this Agreement any claim or right released hereunder, and Executive agrees to indemnify the Company and hold it harmless against any claim (including claims for attorneys' fees or costs actually incurred, regardless of whether litigation has commenced) based on or arising out of any alleged assignment or transfer of a claim by Executive.

Sagar A. Patel

DATE

Woodward, Inc.

BY: Paul Benson

ITS: Corporate Vice President, Human Resources DATE:

Exhibit A

As emphasized in the Agreement, Executive understands that Executive is releasing claims that Executive may not know about and that Executive expressly waives and relinquishes all rights and benefits which Executive may have under any state or federal statute or common law principle that would otherwise limit the effect of this release to claims known or suspected prior to the date Executive sign this Agreement, including, but not limited to, the effect of protections afforded by the following laws:

1. California Executives

Section 1542 of the Civil Code of the State of California states as follows:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release, and that if known by him or her would have materially affected his or her settlement with the debtor or released party."

2. Montana Executives

Section 28-1-1602 of the Montana Code Annotated states as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in the creditor's favor at the time of executing the release, which, if known by the creditor, must have materially affected the creditor's settlement with the debtor."

3. North Dakota Executives

Section 9-13-02 of the North Dakota Century Code states as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in the creditor's favor at the time of executing the release, which if known by the creditor, must have materially affected the creditor's settlement with the debtor."

4. South Dakota Executives

Section 20-7-11 of the South Dakota Codified Laws states as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his [or her] favor at the time of executing the release, which if known by him [or her] must have materially affected his [or her] settlement with the debtor."

Thus, notwithstanding the provisions of Section 1542 of the Civil Code of the State of California, Section 28-1-1602 of the Montana Code Annotated, Section 9-13-02 of the North Dakota Century Code, and Section 20-7-11 of the South Dakota Codified Laws, and for the purpose of implementing a full and complete release and discharge of the Company and the Company Releasees, Executive expressly acknowledges that this release is intended to include in its effect, without limitation, all claims which Executive does not know or suspect to exist in Executive's favor at the time Executive executes this Agreement, and that this Agreement contemplates the extinguishment of any such claims.

Woodward, Inc.
Subsidiaries of the Registrant

Entity Name	Jurisdiction of Organization
Convergence Fuel Systems, LLC (Joint Venture)	Delaware, USA
Fluid Mechanics, LLC	Delaware, USA
Genesis Merger Sub, Inc.	Delaware, USA
Superturbo Technologies, Inc.	Delaware, USA
Techni-Core, Inc.	Delaware, USA
MPC Products Corporation dba Woodward MPC, Inc.	Illinois, USA
Woodward FST, Inc.	Delaware, USA
Woodward Controls, LLC	Delaware, USA
Woodward International, Inc.	Delaware, USA
Woodward Aken GmbH	Aken, Germany
Woodward Swiss Holding GmbH	Lucerne, Switzerland
Woodward Germany Verwaltungs GmbH	Frankfurt am Main, Germany
Woodward India Private Limited	New Delhi, India
Woodward International Holding B.V.	Hoofddorp, The Netherlands
Woodward Nederland B.V.	Hoofddorp, The Netherlands
Woodward Nederland Holding B.V.	Hoofddorp, The Netherlands
Woodward (Japan) LLC	Chiba, Japan
Woodward Poland Sp. z o.o.	Krakow, Poland
Woodward Regulateur (Quebec), Inc.	Quebec, Canada
Woodward Comercio de Sistemas de Controle e Protecao Elctrica Ltda.	Sao Paulo, Brazil
Woodward GmbH	Stuttgart, Germany
Woodward Hong Kong Limited	Hong Kong, China
Woodward (Tianjin) Controls Company Limited	Tianjin, China
Woodward Controls (Suzhou) Co., Ltd.	Suzhou, China
Woodward Kempen GmbH	Kempen, Germany
Woodward HRT, Inc.	Delaware, USA
Woodward Energy Controls Singapore Pte. Ltd.	Singapore
WWAED Asia Holdings Pte. Ltd.	Singapore
N1870G Leasing LLC	Delaware, USA

Woodward Mototron Systems LLC (Joint Venture)
Woodward Switzerland GmbH
Woodward Bulgaria EOOD
Woodward Fuel Systems Holdings, LLC
Woodward (Barbados) Financing, SRL
Woodward (Barbados) Euro Financing, SRL
Woodward Financing, LLC
Woodward France S.A.S.
Woodward German Holding GmbH & Co KG
Woodward German Holding Management GmbH
L'Orange Fuel Injection Trading (Suzhou) Co., LTD
Woodward L'Orange GmbH
Woodward L'Orange Unterstutzungskasse GmbH
Woodward Technology Ventures, LLC
Woodward Inc. LLC – Saudi Arabia
PM Control Systems Pte. Ltd.
PM Control Systems (Aust) Pty. Ltd.
PM Control Systems (India) Private Ltd.

Delaware, USA
Zug, Switzerland
Sofia, Bulgaria
Delaware, USA
Barbados
Barbados
Delaware, USA
France
Stuttgart, Germany
Stuttgart, Germany
Suzhou, China
Stuttgart, Germany
Stuttgart, Germany
Delaware, USA
Al-Khobar, Saudi Arabia
Singapore
Australia
India

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-10409, 333-66422, 333-82302, 333-112521, 333-133640, 333-179248, 333- 217435, 333-222697, 333-227584, 333-229655, 333-236525, 333-253044, 333-262818, and 333-262827 on Form S-8 of our report dated November 18, 2022, relating to the financial statements of Woodward, Inc. and the effectiveness of Woodward, Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K of Woodward, Inc. for the year ended September 30, 2022.

/s/ DELoitte & Touche LLP
Denver, Colorado
November 18, 2022

CERTIFICATION

I, Charles P. Blankenship, Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended September 30, 2022, of Woodward, Inc.;
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.

Date: November 18, 2022

/s/ Charles P. Blankenship, Jr.
Charles P. Blankenship, Jr.
Chairman of the Board,
Chief Executive Officer, and President
(Principal Executive Officer)

A signed original of this written statement required by Rule 13a-14(a)/15d-14(a), or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Rule 13a-14(a)/15d-14(a), has been provided to Woodward and will be retained by Woodward and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION

I, Mark D. Hartman, certify that:

1. I have reviewed this Annual Report on Form 10-K for the period ended September 30, 2022, of Woodward, Inc.;
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.

Date: November 18, 2022

/s/ Mark D. Hartman
Mark D. Hartman
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this written statement required by Rule 13a-14(a)/15d-14(a), or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Rule 13a-14(a)/15d-14(a), has been provided to Woodward and will be retained by Woodward and furnished to the Securities and Exchange Commission or its staff upon request.

Woodward, Inc.
Section 1350 certifications

We hereby certify, pursuant to 18 U.S.C. Section 1350, that the accompanying Annual Report on Form 10-K for the period ended September 30, 2022 (the "Annual Report"), of Woodward, Inc., fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of Woodward, Inc.

Date: November 18, 2022

/s/ Charles P. Blankenship, Jr.
Charles P. Blankenship, Jr.
Chairman of the Board,
Chief Executive Officer, and President

Date: November 18, 2022

/s/ Mark D. Hartman
Mark D. Hartman
Chief Financial Officer

A signed original of this written statement required by Rule 13a-14(b)/15d-14(b) and 18 U.S.C. Section 1350, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement, has been provided to Woodward and will be retained by Woodward and furnished to the Securities and Exchange Commission or its staff upon request.