

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2018</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2018 or fiscal plan year beginning <u>01/01/2018</u> and ending <u>12/31/2018</u>	
A This return/report is for:	☐ a multiemployer plan ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☒ a single-employer plan ☐ a DFE (specify) _____
B This return/report is:	☐ the first return/report ☐ the final return/report ☐ an amended return/report ☐ a short plan year return/report (less than 12 months)
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558 ☐ automatic extension ☐ the DFVC program ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information				
1a Name of plan <u>WOODWARD HRT PENSION PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>006</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>04/03/2009</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>006</u>	1c Effective date of plan <u>04/03/2009</u>	
1b Three-digit plan number (PN) ▶	<u>006</u>				
1c Effective date of plan <u>04/03/2009</u>					
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>WOODWARD, INC.</u> <u>1081 WOODWARD WAY</u> <u>FORT COLLINS, CO 80524-1519</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>36-1984010</u></td> </tr> <tr> <td>2c Plan Sponsor's telephone number <u>970-498-3212</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>339900</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>36-1984010</u>	2c Plan Sponsor's telephone number <u>970-498-3212</u>	2d Business code (see instructions) <u>339900</u>	
2b Employer Identification Number (EIN) <u>36-1984010</u>					
2c Plan Sponsor's telephone number <u>970-498-3212</u>					
2d Business code (see instructions) <u>339900</u>					

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/14/2019	PHOEBE LARSON
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2018)
v. 171027

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN 3c Administrator's telephone number <div style="background-color: #cccccc; height: 40px; width: 100%;"></div>
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 720
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d). a(1) Total number of active participants at the beginning of the plan year a(2) Total number of active participants at the end of the plan year b Retired or separated participants receiving benefits..... c Other retired or separated participants entitled to future benefits d Subtotal. Add lines 6a(2) , 6b , and 6c e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits. f Total. Add lines 6d and 6e g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item) h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> 6a(1) 415 6a(2) 388 6b 219 6c 95 6d 702 6e 18 6f 720 6g 6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions:

1A 1D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1)** ☒ **H** (Financial Information)
- (2)** ☐ **I** (Financial Information – Small Plan)
- (3)** ☐ **A** (Insurance Information)
- (4)** ☒ **C** (Service Provider Information)
- (5)** ☐ **D** (DFE/Participating Plan Information)
- (6)** ☐ **G** (Financial Transaction Schedules)

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2018 Form M-1 annual report. If the plan was not required to file the 2018 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

<div>SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Single-Employer Defined Benefit Plan Actuarial Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).</div> <div>▶ File as an attachment to Form 5500 or 5500-SF.</div>	<div>OMB No. 1210-0110</div> <div>2018</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018	
▶ Round off amounts to nearest dollar.	
▶ Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.	
A Name of plan WOODWARD HRT PENSION PLAN	B Three-digit plan number (PN) ▶ 006
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF WOODWARD, INC.	D Employer Identification Number (EIN) 36-1984010
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information			
1	Enter the valuation date: Month 01 Day 01 Year 2018			
2	Assets:			
a	Market value.....	2a	141228736	
b	Actuarial value	2b	127105862	
3	Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a	For retired participants and beneficiaries receiving payment	219	45012218	45012218
b	For terminated vested participants	90	7168230	7168230
c	For active participants	415	47488097	48300411
d	Total	724	99668545	100480859
4	If the plan is in at-risk status, check the box and complete lines (a) and (b)..... ☐			
a	Funding target disregarding prescribed at-risk assumptions	4a		
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b		
5	Effective interest rate	5	5.70 %	
6	Target normal cost	6	1518811	

Statement by Enrolled Actuary
To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

<div>SIGN HERE</div>		
	Signature of actuary	10/09/2019
CARL CRUZAN		Date
	Type or print name of actuary	17-07108
WILLIS TOWERS WATSON US LLC		Most recent enrollment number
	Firm name	314-719-5900
101 SOUTH HANLEY ROAD SUITE 900 ST. LOUIS, MO 63105-3437		Telephone number (including area code)
	Address of the firm	

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)		8150360
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9 Amount remaining (line 7 minus line 8)		8150360
10 Interest on line 9 using prior year's actual return of <u>24.27</u> %		1978092
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>5.91</u> %		0
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		
c Total available at beginning of current plan year to add to prefunding balance		
d Portion of (c) to be added to prefunding balance		
12 Other reductions in balances due to elections or deemed elections		
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)		10128452

Part III Funding Percentages

14 Funding target attainment percentage	14	116.41%
15 Adjusted funding target attainment percentage	15	126.49%
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	113.78%
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and Liquidity Shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ►			18(b)		18(c)

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21	Discount rate:			
a	Segment rates:	1st segment: 3.92%	2nd segment: 5.52%	3rd segment: 6.29%
		☐ N/A, full yield curve used		
b	Applicable month (enter code)			21b
22	Weighted average retirement age			22
		63		
23	Mortality table(s) (see instructions)	Prior regulation:	☐ Prescribed - combined	☐ Prescribed - separate
		Current regulation:	☐ Prescribed - combined	☐ Prescribed - separate
			☐ Substitute	☐ Substitute

Part VI Miscellaneous Items

24	Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
25	Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
26	Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
27	If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment	27	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28	Unpaid minimum required contributions for all prior years	28	
29	Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29	
30	Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	

Part VIII Minimum Required Contribution For Current Year

31	Target normal cost and excess assets (see instructions):		
a	Target normal cost (line 6)	31a	1518811
b	Excess assets, if applicable, but not greater than line 31a	31b	1518811
32	Amortization installments:	Outstanding Balance	Installment
a	Net shortfall amortization installment		
b	Waiver amortization installment		
33	If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	
34	Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34	
		Carryover balance	Prefunding balance
35	Balances elected for use to offset funding requirement		Total balance
36	Additional cash requirement (line 34 minus line 35)	36	
37	Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	
38	Present value of excess contributions for current year (see instructions)		
a	Total (excess, if any, of line 37 over line 36)	38a	0
b	Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	
39	Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	
40	Unpaid minimum required contributions for all years	40	0

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41	If an election was made to use PRA 2010 funding relief for this plan:			
a	Schedule elected	☐ 2 plus 7 years	☐ 15 years	
b	Eligible plan year(s) for which the election in line 41a was made	☐ 2008	☐ 2009	☐ 2010
		☐ 2011		

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2018
		This Form is Open to Public Inspection.

For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018		
A Name of plan WOODWARD HRT PENSION PLAN	B Three-digit plan number (PN) ▶	006
C Plan sponsor's name as shown on line 2a of Form 5500 WOODWARD, INC.	D Employer Identification Number (EIN) 36-1984010	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No
- b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

VANGUARD FIDUCIARY TRUST

23-2186884

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
13	TRUSTEE	33461	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

WILLIS TOWERS WATSON US LLC

86-0181291

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11	ACTUARY	57344	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

BENNING GROUP, LLC

30-0003878

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	AUDITOR	20800	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

DIMEO SCHNEIDER & ASSOCIATES LLC

36-4001764

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	INVESTMENT ADVISOR	22500	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

WILSON SONSINI GOODRICH & ROSATI

94-2451946

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
29	ATTORNEY	1746	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

MILLIMAN

91-0675641

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
15	RECORDKEEPER	62430	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
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(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	JOHN ALDERSON	b EIN:	53-0181291
c Position:	ACCOUNTANT		
d Address:	16600 SWINGLEY RIDGE ROAD CHESTERFIELD, MO 63017-1706	e Telephone:	

Explanation: ENROLLED ACTUARY IS NO LONGER EMPLOYED AT WILLIS TOWERS WATSON

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

a Name:		b EIN:	
c Position:			
d Address:		e Telephone:	

Explanation:

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2018 This Form is Open to Public Inspection
For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018		
A Name of plan WOODWARD HRT PENSION PLAN	B Three-digit plan number (PN) ►	006
C Plan sponsor's name as shown on line 2a of Form 5500 WOODWARD, INC.	D Employer Identification Number (EIN) 36-1984010	

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	1147943	999831
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions.....	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit).....	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common.....	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property).....	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans.....	1c(8)		
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities.....	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	140080794	125435957
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	141228737	126435788

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	19799	19146
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	19799	19146

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	141208938	126416642
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)	33362	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		33362
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	4868873	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		4868873
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		-15127671
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		-10225436

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	4315299	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		4315299
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees.....	2i(1)	142320	
(2) Contract administrator fees.....	2i(2)	33461	
(3) Investment advisory and management fees.....	2i(3)	22500	
(4) Other	2i(4)	53280	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		251561
j Total expenses. Add all expense amounts in column (b) and enter total	2j		4566860

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-14792296
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)?

☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: BENNING GROUP, LLC

(2) EIN: 30-0003878

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)

	Yes	No	Amount
4a		X	
4b		X	

		Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....	4d		X	
e Was this plan covered by a fidelity bond?	4e	X		20000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?.....	4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?.....	4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l Has the plan failed to provide any benefit when due under the plan?.....	4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?..... ☐ Yes ☒ No
 If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c If the plan is a defined benefit plan, is it covered under the PBGC insurance program (See ERISA section 4021.)? ☒ Yes ☐ No ☐ Not determined
 If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year 4161982. (See instructions.)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2018 This Form is Open to Public Inspection.
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For calendar plan year 2018 or fiscal plan year beginning 01/01/2018 and ending 12/31/2018

A Name of plan <u>WOODWARD HRT PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>006</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>WOODWARD, INC.</u>	D Employer Identification Number (EIN) <u>36-1984010</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions	1	
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>23-2926795</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	<u>0</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
--	-----------------------------------	-----------------------------------	-------------------------------	--

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2018
v. 171027

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year

b The plan year immediately preceding the current plan year

c The second preceding plan year

14a**14b****14c**

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year

b The corresponding number for the second preceding plan year

15a**15b**

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers

16a**16b**

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: _____ % Investment-Grade Debt: _____ % High-Yield Debt: _____ % Real Estate: _____ % Other: _____ %

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

**WOODWARD
HRT PENSION PLAN**

**Financial Statements and
Supplemental Schedules**

December 31, 2018 and 2017

(With Independent Auditor's Report Thereon)

**WOODWARD
HRT PENSION PLAN**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 – 2
FINANCIAL STATEMENTS	
Statements of Net Assets Available for Benefits	3
Statements of Changes in Net Assets Available for Benefits	4
Statements of Accumulated Plan Benefits	5
Statements of Changes in Accumulated Plan Benefits	6
Notes to Financial Statements	7 – 16
SUPPLEMENTAL SCHEDULES	
Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)	17
Schedule H, Line 4(j) – Schedule of Reportable (5%) Transactions	18



Independent Auditor's Report

The Plan Administrator
Woodward HRT Pension Plan

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the Woodward HRT Pension Plan (Plan) as listed in the accompanying table of contents, as of December 31, 2018 and 2017 and for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Vanguard Fiduciary Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. We have been informed by the plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2018 and 2017, that the information provided to the plan administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the financial statements.

Other Matter – Supplemental Schedules

The supplemental schedules, as listed in the accompanying table of contents, as of or for the year ended December 31, 2018, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and are presented for the purpose of additional analysis and are not a required part of the financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedules referred to above.

Report on Form and Content in Compliance With DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

A handwritten signature in black ink that reads "Benning Group, LLC". The script is cursive and fluid, with the letters "B", "G", and "L" being particularly large and stylized.

Rockford, Illinois
September 23, 2019

**WOODWARD
HRT PENSION PLAN**

Statements of Net Assets Available for Benefits

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets:		
Cash	\$ 999,831	1,147,943
Investments at fair value	125,435,957	140,080,794
Employer contribution receivable	<u>—</u>	<u>—</u>
Total assets	126,435,788	141,228,737
 Liabilities –		
Accrued administrative expenses	<u>19,146</u>	<u>19,799</u>
 Net assets available for benefits	\$ <u>126,416,642</u>	<u>141,208,938</u>

See accompanying notes to financial statements.

**WOODWARD
HRT PENSION PLAN**

Statements of Changes in Net Assets Available for Benefits
For the Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments	\$ —	24,344,240
Interest and dividends	<u>4,868,873</u>	<u>3,629,614</u>
Net investment income	4,868,873	27,973,854
Employer contributions	—	—
Transfers in	<u>33,362</u>	<u>27,478</u>
Total additions	<u>4,902,235</u>	<u>28,001,332</u>
Deductions from net assets attributed to:		
Net depreciation in fair value of investments	15,127,671	—
Benefits paid to participants	4,315,299	3,748,802
Administrative expenses	<u>251,561</u>	<u>270,648</u>
Total deductions	<u>19,694,531</u>	<u>4,019,450</u>
Increase (decrease) in net assets available for benefits	(14,792,296)	23,981,882
Net assets available for benefits:		
Beginning of year	<u>141,208,938</u>	<u>117,227,056</u>
End of year	\$ <u>126,416,642</u>	<u>141,208,938</u>

See accompanying notes to the financial statements.

**WOODWARD
HRT PENSION PLAN**

Statements of Accumulated Plan Benefits

January 1, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Actuarial present value of accumulated plan benefits:		
Vested benefits:		
Participants currently receiving benefits	\$ 44,632,449	36,090,215
Other participants	<u>39,463,471</u>	<u>47,409,508</u>
	84,095,920	83,499,723
Nonvested benefits	<u>1,638,764</u>	<u>650,108</u>
	85,734,684	84,149,831
Total actuarial present value of accumulated plan benefits	\$ <u>85,734,684</u>	<u>84,149,831</u>

See accompanying notes to the financial statements.

**WOODWARD
HRT PENSION PLAN**

Statements of Changes in Accumulated Plan Benefits

For the Years Ended January 1, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Actuarial present value of accumulated plan benefits at the beginning of the year	\$ 84,149,831	81,354,003
Increase during the year attributable to:		
Net benefits accumulated	805,260	849,410
Actuarial (gains) losses	(218,615)	1,149,226
Increase for interest due to decrease in the discount period	6,231,052	6,077,272
Benefits paid	(3,748,802)	(7,574,013)
Plan amendment	1,662,976	—
Change in actuarial assumptions	<u>(3,147,018)</u>	<u>2,293,933</u>
Net increase	<u>1,584,853</u>	<u>2,795,828</u>
 Total actuarial present value of accumulated plan benefits at the end of the year	 \$ <u>85,734,684</u>	 <u>84,149,831</u>

See accompanying notes to the financial statements.

WOODWARD HRT PENSION PLAN

Notes to Financial Statements

December 31, 2018 and 2017

(1) Description of Plan

The following description of the Woodward HRT Pension Plan (Plan or Pension Plan) provides only general information. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

(a) General

Effective February 27, 2009, Woodward, Inc. (Company) entered into an agreement with Textron, Inc. for the purchase, among other things, of the stock of HR Textron Inc. (HRT). In the agreement, the Company agreed to establish a tax-qualified defined benefit plan to provide benefits for, and assume the liabilities and assets attributable to, salaried employees, non-bargained hourly employees and those hourly employees covered by a collective bargaining agreement with the Union who were employed by HRT on April 3, 2009 and were participating in the Textron Master Retirement Plan as of such date. The HRT Pension Plan consists of the Master Provisions and Addendum A and B. Each addendum reflects a separate benefit structure applicable to participants covered by the addendum.

Addendum A reflects the portion of the Plan that contains provisions specific to the salaried and non-bargained hourly employees. Participants under the benefit structure of Addendum A are also automatically participants of the Woodward HRT Retirement Account Plan (RAP), a defined contribution plan in which the Company makes a contribution of 2% of eligible compensation on behalf of the participants each payroll period beginning on or after April 3, 2009. The RAP and the Pension Plan together are the Woodward HRT Retirement Program, which is designed to be a "floor-offset" arrangement. The Pension Plan formula that guarantees a minimum pension is called the "floor benefit". If the participant's RAP account balance, converted to a monthly single-life annuity, is more valuable than the floor benefit, participants receive their RAP account balance. If the participant's RAP account balance, converted to a monthly single-life annuity, is less valuable than the floor benefit, participants receive the floor benefit. The benefit from the RAP and the Pension Plan together will always be the greater of (a) the floor benefit or (b) the value in participant's account in the RAP.

Addendum B reflects the portion of the Plan that contains provisions specific to the employees who are for purposes of collective bargaining, represented by the Union. These employees are not participants in the RAP identified above.

Effective December 31, 2014, the Plan was amended to freeze future accruals for participants eligible under Addendum A.

**WOODWARD
HRT PENSION PLAN**

Notes to Financial Statements

Effective July 22, 2016, the Company amended the Plan to permit a special distribution election allowing a participant who satisfies certain requirements to elect an immediate distribution of his or her fully vested retirement pension benefits without regard to age or vesting service for purposes of retirement pension benefit eligibility. The Company made a lump-sum offering to participants between July 22 and August 22, 2016, resulting in distribution payments totaling approximately \$4,217,000.

(b) Pension Benefits

Addendum A

The monthly normal retirement pension available to a participant covered under Addendum A is the greater of the "floor benefit", which is (a) 1 1/3% of the participant's final average compensation multiplied by their credited service earned after December 31, 2006, (b) a minimum monthly benefit based on \$50 times the credited service earned after December 31, 2006 (but no more than five years of service), or (c) the value of their account balance in the RAP. Participants receiving an early or vested retirement pension before age 65 will have a portion of their benefit for service after December 31, 2006 that is paid from the Pension Plan (if any) reduced by 5/12% for each month or part thereof (5% per year) by which the participant's Annuity Start Date precedes his 65th birthday. The benefit payment from the RAP will be converted to an actuarially equivalent single-life annuity. Although the RAP is converted to a single-life annuity, participants can still choose to receive their RAP in a lump sum or certain other annuity forms. A grandfathered employee shall be entitled to the greater of the monthly benefit, as described above, or the benefit they would have earned over their entire career if the formula that applied to them under the Textron Pension Plan had remained in effect. A participant is a grandfathered employee if, as of January 1, 2007 the participant was a covered employee of the Textron Pension Plan, had completed at least 5 years of vesting service (or reached age 60), and the sum of (a) age in completed years and (b) full years of vesting service under the Textron Pension Plan equaled 55 or more. On November 18, 2009 the Plan was amended to prohibit any new participants from receiving benefits under Addendum A on or after January 1, 2010.

**WOODWARD
HRT PENSION PLAN**

Notes to Financial Statements

Addendum B

Employees who have attained age 65 are entitled to a retirement benefit equal to the employee's credited service multiplied by \$44 if employment ended prior to April 19, 2010 and \$52 if employment ends after April 19, 2010. Early retirement benefits are reduced by 0.5% for each complete calendar month by which the employee is under age 62. Deferred vested retirement benefits are reduced by 0.5% for each complete calendar month by which the employee is under age 65. Disability retirement benefits are reduced by the employee's other disability benefits, if any.

Effective April 19, 2010 the Plan was amended to conform the benefits under Addendum B to the terms of the collective bargaining agreement with District Lodge 727-N, International Association of Machinists and Aerospace Workers for and on behalf of Local Lodge 758. For purposes of Addendum B, no person who was not an employee, as defined in the Plan agreement, on or before April 19, 2010 shall become an employee.

The Plan was amended in 2014 to increase the service multiplier to \$58 if employment ends on or after April 21, 2014

Effective January 1, 2017, Section 1.18B of Addendum B was amended to define "Union" as District Lodge 725 (successor to District Lodge 727), International Association of Machinists and Aerospace Workers, for and on behalf of its Local Lodge 727-N (successor to Local Lodge 758).

Effective April 22, 2017, the Plan was amended to increase the multiplier to \$60, if employment ends on or after April 22, 2017 and before April 20, 2018; \$61 if after April 20, 2018 and before April 19, 2019; \$62, if after April 19, 2019 and before April 17, 2020; and \$64, if employment ends on or after April 17, 2020.

(c) Death and Disability Benefits

Addendum A – Death benefit under the RAP

The RAP account balance of a participant that dies (a) while actively working for the Company or (b) after they stop working for the Company but before receiving their benefits, will be payable to a beneficiary designated by the participant. If the beneficiary is anyone other than a surviving spouse, the RAP account balance will be paid in a lump sum. If the beneficiary is a surviving spouse, the surviving spouse may elect a single-life annuity or a lump sum.

**WOODWARD
HRT PENSION PLAN**

Notes to Financial Statements

Addendum A – Death benefit under the Pension Plan

If the participant is unmarried and has satisfied the requirements to receive a normal or early retirement pension, they may elect a pre-pension survivor annuity. If a married participant dies while they are actively working, has a vested benefit under the Pension Plan, and dies before the Pension payment has begun, the surviving spouse will receive a pre-pension surviving spouse annuity.

If a participant dies after they stop working for the Company but before receiving their pension benefit and is (a) married, the surviving spouse will receive a pre-pension surviving spouse annuity or (b) unmarried, but were eligible to receive a normal or early retirement pension, the beneficiary will receive the pre-pension survivor annuity.

Addendum B

As soon as an employee is vested in retirement benefits under the Plan, the employee's surviving spouse will automatically be eligible to receive a pre-pension surviving spouse annuity if an employee dies before their benefits should begin to be paid. A surviving spouse annuity shall be paid monthly during the life of a surviving spouse beginning on the first day of the month (a) which next follows the date of the employee's death or (b) in which the earliest retirement date would have occurred but for his death, whichever is later.

An employee whose employment ends as a result of permanent and total disability after completing 10 years of vesting service shall be entitled to a disability retirement benefit until they attain age 65, at which time they shall be entitled to a normal retirement benefit.

(d) Vesting

Addendum A

Participants are fully vested in their RAP benefits after the completion of 3 years of vesting service, or attain age 60 prior to termination. Participants are eligible for benefits under the Pension Plan when they meet the following criteria. Participants who have attained age 65 are fully vested on attainment of age 65. A participant whose termination of employment occurs before their 65th birthday, but after their 55th birthday and after completion of at least 5 years of vesting service shall be entitled to an early retirement pension. A participant who was an HRT employee of the Textron Plan before January 1, 2007 and whose termination of employment occurs after they earn 20 years of vesting service, but before their 65th birthday, is also eligible for an early retirement pension regardless of their age. A participant who continues employment with the Company beyond the

WOODWARD HRT PENSION PLAN

Notes to Financial Statements

attainment of age 65 and who later retires is entitled to a delayed retirement pension. A participant whose termination from employment before they have become eligible for an early retirement pension but after completing at least 5 years of vesting service, is entitled to a fully vested retirement pension.

Addendum B

Employees who have attained age 65 are fully vested in their retirement benefits. An employee whose termination of employment occurs before their 65th birthday, but after their 55th birthday and after completion of at least 10 years of vesting service shall be entitled to an early retirement benefit. An employee whose employment ends after completion of 5 years of vesting service but before the participant becomes eligible for normal or early retirement benefits is entitled to a deferred vested retirement benefit.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

(b) Date of Management's Review

Subsequent events were evaluated through September 23, 2019, which is the date the financial statements were available to be issued.

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

(d) Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 6 for discussion of fair value measurements.

Purchases and sales of securities are recorded on trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Capital gains distributions are included in dividend income. Net appreciation

**WOODWARD
HRT PENSION PLAN**

Notes to Financial Statements

(depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

(e) Payment of Benefits

Benefits are recorded when paid.

(f) Administrative Expenses

Services provided by the trustee, actuarial and recordkeeping service providers are paid by the Plan. Certain administrative expenses, including functions performed by officers or employees of the Company, are incurred by the Company at no charge to the Plan.

(g) Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump sum distributions, which are attributable under the Plan's provisions to the service employees have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees' compensation during their last five years ending on the date as of which the benefit information is presented (the valuation date). Benefits payable under all circumstances – retirement, death, disability, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from plan assets are excluded from accumulated plan benefits.

The actuarial present value of accumulated plan benefits is determined by the Company's consulting actuaries and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The actuarial valuations are done using the beginning of the year method.

The significant actuarial assumptions used in the valuations as of January 1, 2018 and January 1, 2017 are (a) mortality assumptions based upon RP-2014 tables with separate mortality rates for annuitants and non-annuitants, (b) retirement age assumptions which ranged from ages 55 to 70, (c) discount rate was 7.50% in 2018 and 2017, and (d) the assumed plan-related expenses added to the target normal cost were changed from \$410,000 for 2017 to \$494,000 for 2018. The

**WOODWARD
HRT PENSION PLAN**

Notes to Financial Statements

foregoing actuarial assumptions are based on the presumption that the Plan will continue. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

(3) Funding Policy

Annual contributions are made by the Company in amounts determined with the assistance of the actuary to fund benefits to be paid to Plan participants. The Company intends to contribute to the Plan no less than the minimum amount required to satisfy the minimum funding standards of the Internal Revenue Code. The Company contributions for the years ended December 31, 2018 and 2017, respectively, satisfied the minimum funding requirements of ERISA.

(4) Plan Termination

Although it has not expressed any intention to do so, the Company has the right under the Plan to terminate the Plan subject to the provisions set forth in ERISA.

In the event the Plan terminates, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations, generally to provide the following benefits in the order indicated:

- a. Annuity benefits that former employees or their beneficiaries have been receiving for at least three years, or that employees eligible to retire for that three-year period would have been receiving if they had retired with benefits in the normal form of annuity under the Plan. The priority amount is limited to the lowest benefit that was payable (or would have been payable) during those three years. The amount is further limited to the lowest benefit that would be payable under Plan provisions in effect at any time during the five years preceding Plan termination.
- b. Other vested benefits insured by the Pension Benefit Guarantee Corporation (PBGC), a U.S. Government Agency, up to the applicable limitations discussed below.
- c. All other vested benefits not insured by the PBGC.
- d. All nonvested benefits.

Certain benefits under the Plan are insured by the PBGC if the Plan terminates. Generally, the PBGC guarantees most vested normal age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of

WOODWARD HRT PENSION PLAN

Notes to Financial Statements

benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling on the amount of an individual's monthly benefit that the PBGC guarantees. The ceiling is periodically adjusted by the PBGC and was \$5,420 per month for plan terminations occurring in 2018.

That ceiling applies to those pensioners who elect to receive their benefits in the form of a single-life annuity and are at least 65 years old at the time of retirement or plan termination, whichever comes later. For younger annuitants or for those who elect to receive their benefits in some form more valuable than a single-life annuity, the corresponding ceilings are actuarially adjusted downward.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Company and the level of benefits guaranteed by the PBGC.

(5) Certification of Financial Information

The plan administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Vanguard Fiduciary Trust Company has certified that the Plan's investments, interest and dividends, and net appreciation in fair value of investments as reported to the Plan and included in the accompanying financial statements and supplemental schedules are complete and accurate as of December 31, 2018 and 2017 and the years then ended.

(6) Fair Value Measurements

The Plan's investments are reported at fair value in the accompanying statement of net assets available for benefits. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurements authoritative literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are unobservable and have the lowest priority. The Plan uses

**WOODWARD
HRT PENSION PLAN**

Notes to Financial Statements

appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

At December 31, 2018 and 2017 the plan's assets consisted of mutual funds which were all considered Level 1 assets.

(7) Related Party Transactions

Certain Plan investments are shares of mutual funds managed by and sold through affiliates of Vanguard Fiduciary Trust Company (Vanguard). Vanguard is the Trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest transactions. Certain administrative expenses, including functions performed by officers or employees of the Company, are incurred by the Company at no charge to the Plan.

(8) Tax Status

The Internal Revenue Service has determined and informed the Company by a letter dated May 10, 2017, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable provisions of the IRC.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability for any uncertain position that more likely than not would not be sustained upon examination by the IRS. The plan administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by tax authorities; however, there are currently no audits for any tax periods in progress.

**WOODWARD
HRT PENSION PLAN**

Notes to Financial Statements

(9) Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible changes in the value of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statements of net assets available for benefits.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

**WOODWARD
HRT PENSION PLAN**

EIN #36-1984010 Plan #006

Schedule H, Line 4(i) – Schedule of Assets (Held at End of Year)

December 31, 2018

(a)	(b)	(c)	(d)	(e) Current Value
	<u>Identity of Issuer</u>	<u>Description of Investment</u>	<u>Cost</u>	
*	The Vanguard Group	Vanguard Cash Account \$	376,178	376,178
*	The Vanguard Group	Vanguard Federal Money Market Fund	623,653	623,653
*	The Vanguard Group	Vanguard Long-Term Inv-Grade Fund Admiral Mutual Fund	42,369,044	41,178,219
*	The Vanguard Group	Vanguard Total Stock Market Index Fund Mutual Fund	22,497,061	46,545,465
*	The Vanguard Group	Vanguard International Growth Fund Admiral Mutual Fund	<u>29,719,232</u>	<u>37,712,273</u>
		\$	<u>95,585,168</u>	<u>126,435,788</u>

* Denotes party-in-interest

**WOODWARD GOVERNOR COMPANY
HRT PENSION PLAN**

EIN #36-1984010 Plan #006

Schedule H, Line 4(j) – Schedule of Reportable (5%) Transactions

December 31, 2018

(a)	(b)	(c)	(d)	(g)	(h)	(i)
<u>Identity of Party Involved</u>	<u>Description of asset</u>	<u>Purchase Price</u>	<u>Selling Price</u>	<u>Cost of Asset</u>	<u>Current Value of Asset on Transaction Date</u>	<u>Net Gain or (Loss)</u>
* The Vanguard Group	Vanguard Federal Money Market Fund Registered Investment Company	\$ 4,033,362	–	4,033,362	4,033,362	–
* The Vanguard Group	Vanguard Federal Money Market Fund Registered Investment Company	–	4,256,460	4,256,460	4,256,460	–

* Denotes party-in-interest

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2018 This Form is Open to Public Inspection
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For calendar plan year 2018 or fiscal plan year beginning _____ and ending _____

► **Round off amounts to nearest dollar.**

► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan WOODWARD HRT PENSION PLAN	B Three-digit plan number (PN) ► 006
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF WOODWARD, INC.	D Employer Identification Number (EIN) **-***4010

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B ☐ **F** Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2018

2 Assets:		
a Market value	2a	141,228,736
b Actuarial value	2b	127,105,862

3 Funding target/participant count breakdown	(1) Number of participants	(2) Vested Funding Target	(3) Total Funding Target
a For retired participants and beneficiaries receiving payment	219	45,012,218	45,012,218
b For terminated vested participants	90	7,168,230	7,168,230
c For active participants	415	47,488,097	48,300,411
d Total	724	99,668,545	100,480,859

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐

a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b	

5 Effective interest rate	5	5.70%
6 Target normal cost	6	1518811

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	 Signature of actuary CARL CRUZAN Type or print name of actuary WILLIS TOWERS WATSON US LLC Firm name 101 SOUTH HANLEY ROAD SUITE 900 ST. LOUIS MO 63105-3437 Address of the firm	10/09/2019 Date 17-07108 Most recent enrollment number 314-719-5900 Telephone number (including area code)
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If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice, see the Instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2018

Part II Beginning of Year Carryover Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)		8,150,360
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		
9 Amount remaining (line 7 minus line 8)		8,150,360
10 Interest on line 9 using prior year's actual return of <u>24.27</u> %		1,978,092
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		
b(1) Interest on the excess, if any, of line 38a over line 38b from prior year Schedule SB, using prior year's effective interest rate of <u>5.91</u> %		0
b(2) Interest on line 38b from prior year Schedule SB, using prior year's actual return		
c Total available at beginning of current plan year to add to prefunding balance		
d Portion of (c) to be added to prefunding balance		
12 Other reductions in balances due to elections or deemed elections		
13 Balance at beginning of current year (line 9 + line 10 + line 11d - line 12)		10,128,452

Part III Funding Percentages

14 Funding target attainment percentage	14	116.41 %
15 Adjusted funding target attainment percentage	15	126.49 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	113.78 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
Totals ▶			18(b)		18(c)

19 Discounted employer contributions — see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? Yes ☐ No ☒

b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? Yes ☐ No ☐

c If line 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:			
a Segment rates:	1st segment: 3.92 %	2nd segment: 5.52 %	3rd segment: 6.29 %
			☐ N/A, full yield curve used
b Applicable month (enter code)			21b 0
22 Weighted average retirement age			22 63
23 Mortality table(s) (see instructions)	Prior regulation:	☐ Prescribed - combined	☒ Prescribed - separate
	Current regulation:	☐ Prescribed - combined	☐ Prescribed - separate
			☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.	☒ Yes	☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.	27	

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	1518811	
b Excess assets, if applicable, but not greater than line 31a	31b	1518811	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	0	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)	34		
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement			
36 Additional cash requirement (line 34 minus line 35)	36		
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b		
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years	40	0	

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:				
a Schedule elected	2 plus 7 years		15 years	
b Eligible plan year(s) for which the election in line 41a was made	2008	2009	2010	2011

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 Description of Weighted Average Retirement Age for Salaried Participants as of January 1, 2018

The average retirement age for Line 22 was calculated by creating a hypothetical life table with retirement as the only decrement, and then computing the average retirement age for the table.

x	q_x^r	l_x	${}_{x-55}p_{55} = l_x / l_{55}$	$q_x^r * l_x / l_{55}$	$x * q_x^r * l_x / l_{55}$
55	0.070	1,000,000	1.000000	0.070000	3.850000
56	0.070	930,000	0.930000	0.065100	3.645600
57	0.070	864,900	0.864900	0.060543	3.450951
58	0.070	804,357	0.804357	0.056305	3.265689
59	0.070	748,052	0.748052	0.052364	3.089455
60	0.150	695,688	0.695688	0.104353	6.261195
61	0.150	591,335	0.591335	0.088700	5.410716
62	0.200	502,635	0.502635	0.100527	6.232672
63	0.200	402,108	0.402108	0.080422	5.066559
64	0.200	321,686	0.321686	0.064337	4.117585
65	0.200	257,349	0.257349	0.051470	3.345538
66	0.200	205,879	0.205879	0.041176	2.717606
67	0.200	164,703	0.164703	0.032941	2.207025
68	0.200	131,763	0.131763	0.026353	1.791973
69	0.200	105,410	0.105410	0.021082	1.454660
70	1.000	84,328	0.084328	0.084328	5.902969
Average age at retirement					61.810194

Plan Name: Woodward HRT Pension Plan
 EIN / PN: 36-1984010/006
 Plan Sponsor: Woodward, Inc.
 Valuation Date: January 1, 2018

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 22 Description of Weighted Average Retirement Age for Hourly Participants as of January 1, 2018

The average retirement age for Line 22 was calculated by creating a hypothetical life table with retirement as the only decrement, and then computing the average retirement age for the table.

x	q_x	l_x	${}_{x-55}p_{55} = l_x / l_{55}$	$q_x * l_x / l_{55}$	$x * q_x * l_x / l_{55}$
55	0.030	1,000,000	1.000000	0.030000	1.650000
56	0.030	970,000	0.970000	0.029100	1.629600
57	0.030	940,900	0.940900	0.028227	1.608939
58	0.030	912,673	0.912673	0.027380	1.588051
59	0.030	885,293	0.885293	0.026559	1.566968
60	0.100	858,734	0.858734	0.085873	5.152404
61	0.100	772,861	0.772861	0.077286	4.714450
62	0.100	695,575	0.695575	0.069557	4.312562
63	0.100	626,017	0.626017	0.062602	3.943908
64	0.100	563,415	0.563415	0.056342	3.605859
65	0.100	507,074	0.507074	0.050707	3.295980
66	0.250	456,366	0.456366	0.114092	7.530047
67	0.250	342,275	0.342275	0.085569	5.733104
68	0.250	256,706	0.256706	0.064177	4.364004
69	0.250	192,530	0.192530	0.048132	3.321136
70	1.000	144,397	0.144397	0.144397	10.107804

Average age at retirement 64.124816

Rounded for Schedule SB line 22 (all participants) 63

Plan Name: Woodward HRT Pension Plan
 EIN / PN: 36-1984010/006
 Plan Sponsor: Woodward, Inc.
 Valuation Date: January 1, 2018

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 24 Change in Actuarial Assumptions

Assumed rates of retirement and rates of termination were updated to better reflect anticipated future experience.

Plan Name:	Woodward HRT Pension Plan
EIN / PN:	36-1984010/006
Plan Sponsor:	Woodward, Inc.
Valuation Date	January 1, 2018

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 25 Change in Method

The decrement timing used in the valuation was changed from beginning of year to rounded middle of year. Under rounded middle of year decrement timing, all decrements are assumed to occur at the middle of the year and eligibility for benefits, commencement and cessation of benefits, and other events are assumed to occur at the middle of the year. The change in funding method meets the parameters for automatic approval of software changes under IRS Rev. Proc. 2017-56.

Plan Name:	Woodward HRT Pension Plan
EIN / PN:	36-1984010/006
Plan Sponsor:	Woodward, Inc.
Valuation Date	January 1, 2018

SCHEDULE SB ATTACHMENTS

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2018

Attained Age	Attained Years of Credited Service ¹										Total
	Under 1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
Under 25	0	0	0	0	0	0	0	0	0	0	0
25-29	0	1	0	0	0	0	0	0	0	0	1
30-34	0	6	7	6	0	0	0	0	0	0	19
35-39	0	3	8	14	6	0	0	0	0	0	31
40-44	0	0	10	16	5	1	0	0	0	0	32
45-49	0	1	7	12	10	3	0	0	0	0	33
50-54	1	1	13	20	16	5	6	4	0	0	66
55-59	1	2	17	17	20	15	13	7	10	2	104
60-64	0	1	7	19	18	9	9	8	9	3	83
65-69	0	0	4	6	8	3	5	4	3	3	36
70 & over	0	0	0	1	1	2	1	0	2	3	10
Total	2	15	73	111	84	38	34	23	24	11	415

¹ Age and service for purposes of determining category are based on exact (not rounded) values.

Plan Name: Woodward HRT Pension Plan
EIN / PN: 36-1984010/006
Plan Sponsor: Woodward, Inc.
Valuation Date: January 1, 2018

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Statement of Actuarial Assumptions/Methods

Economic Assumptions

Interest rate basis

- Applicable month January
- Interest rate basis Segment Rates from Month of Valuation Date

Interest rates	Reflecting Stabilization	Not Reflecting Stabilization
■ First segment rate	3.92%	1.81%
■ Second segment rate	5.52%	3.68%
■ Third segment rate	6.29%	4.53%
■ Effective interest rate	5.70%	3.95%

Annual rates of increase

- Compensation Not applicable: Salaried plan is frozen
- Future Social Security wage bases Not applicable: Salaried plan is frozen
- Statutory limits on compensation Not applicable: Salaried plan is frozen

RAP Account Return 7.50%

Plan-related expenses \$494,000

Demographic Assumptions

Inclusion date The valuation date coincident with or next following the date on which the employee becomes a participant.

New or rehired employees It was assumed there will be no new or rehired employees.

Plan Name: Woodward HRT Pension Plan
EIN / PN: 36-1984010/006
Plan Sponsor: Woodward, Inc.
Valuation Date: January 1, 2018

SCHEDULE SB ATTACHMENTS

Mortality

■ Funding

For all participants: Separate rates for non-annuitants (based on RP-2000 "Employees" table without collar or amount adjustments, projected to 2033 using Scale AA) and annuitants (based on RP-2000 "Healthy Annuitants" table without collar or amount adjustments, projected to 2025 using Scale AA).

Termination

The rates at which participants are assumed to leave the Company by age and employment type are shown below:

Attained Age	Salaried	Hourly
20	20.0%	14.9%
25	17.5%	9.9%
30	16.0%	6.9%
35	14.5%	4.9%
40	13.0%	2.8%
45	11.5%	1.6%
50	9.0%	0.4%
55	7.0%	0.4%

Disability

None assumed

Plan Name: Woodward HRT Pension Plan
EIN / PN: 36-1984010/006
Plan Sponsor: Woodward, Inc.
Valuation Date: January 1, 2018

SCHEDULE SB ATTACHMENTS

Retirement

For purposes of determining the Funding Target and Target Normal Cost (both disregarding at-risk assumptions), the rates at which participants retire by age and employment type are shown below:

Percentage retiring during the year		
Age	Salaried	Hourly
55	7%	3%
56	7%	3%
57	7%	3%
58	7%	3%
59	7%	3%
60	15%	10%
61	15%	10%
62	20%	10%
63	20%	10%
64	20%	10%
65	20%	10%
66	20%	25%
67	20%	25%
68	20%	25%
69	20%	25%
70	100%	100%

Benefit commencement date:

- Preretirement death benefit
The later of the death of the active participant or the date the participant would have attained age 55
- Deferred vested benefit
The later of age 65 or termination of employment
- Retirement benefit
Upon termination of employment

Form of payment

Participants are assumed to elect a single life annuity. The normal form of payment for married participants is an actuarially equivalent 50% Joint and Survivor Annuity.

Percent married

80% of males; 80% of females. Used to value pre-retirement surviving spouse benefits.

Spouse age

Male spouses three years older than female spouses

Plan Name: Woodward HRT Pension Plan
EIN / PN: 36-1984010/006
Plan Sponsor: Woodward, Inc.
Valuation Date: January 1, 2018

SCHEDULE SB ATTACHMENTS

Covered pay	Not applicable due to frozen status of Salaried plan
Timing of benefit payments	Annuity payments are payable monthly at the beginning of the month and lump sum payments are payable on date of decrement.

Methods

Valuation date	First day of plan year
Funding target	Present value of accrued benefits as required by regulations under IRC §430.
Target normal cost	Present value of benefits expected to accrue during the plan year plus plan-related expenses expected to be paid from plan assets during the plan year as required by regulations under IRC §430.
Actuarial value of assets	<p>Average of the fair market value of assets on the valuation date and 12 and 24 months preceding the valuation date, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22). The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2017 plan year.).</p> <p>The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.</p>

Plan Name:	Woodward HRT Pension Plan
EIN / PN:	36-1984010/006
Plan Sponsor:	Woodward, Inc.
Valuation Date	January 1, 2018

SCHEDULE SB ATTACHMENTS

Benefits not valued

All benefits described in the Plan Provisions section of this report were valued based on discussions with Woodward, Inc. regarding the likelihood that these benefits will be paid. Willis Towers Watson has reviewed the plan provisions with Woodward, Inc. and, based on that review, is not aware of any significant benefits required to be valued that were not.

The plan pays small benefits with a present value up to \$5,000 in a single lump sum payment. Such lump sums are not explicitly valued; rather such participants' benefits are valued using the benefit choice assumptions described above.

Sources of Data and Other Information

The plan sponsor, through its third party administrator Milliman, furnished participant data as of 1/1/2018. Information on assets, contributions, and plan provisions was supplied by the plan sponsor. Data and other information were reviewed for reasonableness and consistency, but no audit was performed. Based on discussions with the plan sponsor, assumptions or estimates were made when data were not available, and the data was adjusted to reflect any significant events that occurred between the date the data was collected and the measurement date. No data adjustments were made and we are unaware of any adjustments made by the data provider.

We are not aware of any errors or omissions in the data that would have a significant effect on the results of our calculations.

Assumptions Rationale – Significant Economic Assumptions

Discount rate

The basis chosen was selected by the plan sponsor from among choices prescribed by law, all of which are based on observed market data over certain periods of time.

Plan-related expenses

As required by regulations, plan-related expenses are calculated by estimating the expenses to be paid from the trust during the coming year (including, for example, actuarial, accounting, legal, administration and trustee fees to be paid from the trust). Expenses are estimated by determining 0.35% of market value of assets, rounded to the nearest \$1,000.

Plan Name: Woodward HRT Pension Plan
EIN / PN: 36-1984010/006
Plan Sponsor: Woodward, Inc.
Valuation Date: January 1, 2018

SCHEDULE SB ATTACHMENTS

Assumed return for asset smoothing

The assumed return of 6.48% (for 2017) used for asset smoothing is the third segment rate. Although we have not explicitly determined an expected return on assets, based on an analysis of the plan sponsor's investment policy we believe the rate to be above the third segment rate.

Assumptions Rationale – Significant Demographic Assumptions

Mortality

■ Funding

Assumptions used for funding purposes are as prescribed by IRC §430(h). Note that the plan sponsor has decided, as allowed by regulation §1.430(h)(3)-1, to delay until the 2019 plan year updating the required mortality table to reflect the RP-2014 study and subsequent Society of Actuaries studies.

Termination

Termination rates were based on an experience study conducted in 2017, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

Retirement

Retirement rates were based on an experience study conducted in 2017, with annual consideration of whether any conditions have changed that would be expected to produce different results in the future.

Prescribed Methods

Funding methods

The methods used for funding purposes, including the method of determining plan assets, are "prescribed methods set by law," as defined in the actuarial standards of practice (ASOPs). These methods are required by IRC §430, or were selected by the plan sponsor from a range of methods permitted by IRC §430.

Plan Name: Woodward HRT Pension Plan
EIN / PN: 36-1984010/006
Plan Sponsor: Woodward, Inc.
Valuation Date: January 1, 2018

SCHEDULE SB ATTACHMENTS

Changes in Assumptions and Methods

Change in assumptions and methods since prior valuation

The segment interest rates used to calculate the funding target and target normal cost were updated to the current valuation date as required by IRC §430.

The mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvement, as required by IRC §430.

Assumed rates of retirement and rates of termination were updated to better reflect anticipated future experience.

The assumed plan-related expenses added to the target normal cost were changed from \$410,000 for the prior valuation to \$494,000 for the current valuation to account for higher expected expenses to be paid from the trust.

The change in the “applicable mortality table” under IRC §417(e) provided in IRS Notice 2017-60 was reflected for lump sum conversion.

The decrement timing assumption was changed from beginning of year decrements to the rounded middle of year decrement timing model.

Plan Name:	Woodward HRT Pension Plan
EIN / PN:	36-1984010/006
Plan Sponsor:	Woodward, Inc.
Valuation Date	January 1, 2018

SCHEDULE SB ATTACHMENTS

Schedule SB – Statement by Enrolled Actuary

Plan Sponsor	Woodward, Inc.
EIN/PN	36-1984010/006
Plan Name	Woodward HRT Pension Plan
Valuation Date	January 1, 2018
Enrolled Actuary	Carl Cruzan
Enrollment Number	17-07108

The actuarial assumptions that are not mandated by IRC § 430 and regulations, represent the enrolled actuary's best estimate of anticipated experience under the plan, subject to the following conditions:

The actuarial valuation, on which the information in this Schedule SB is based, has been prepared in reliance upon the employee and financial data furnished by the plan administrator and the trustee. The enrolled actuary has not made a rigorous check of the accuracy of this information but has accepted it after reviewing it and concluding it is reasonable in relation to similar information furnished in previous years. The amounts of contributions and dates paid shown in Item 18 of Schedule SB were listed in reliance on information provided by the plan administrator and/or trustee.

SCHEDULE SB ATTACHMENTS

Schedule SB, Part V Summary of Plan Provisions

Plan Provisions

The plan was originally effective April 3, 2009, and restated January 1, 2016. The most recent amendment reflected herein is Amendment Number 2, which was effective April 19, 2017. The plan was previously amended effective December 31, 2014 to freeze all benefit accruals for non-bargained employees.

Covered employees Bargained and non-bargained employees must be hired before April 19, 2010 and January 1, 2010, respectively, to be eligible for participation.

Participation date An employee becomes eligible to participate on the day he is hired if he is expected to work at least 1,000 hours in the first twelve (12) months of employment. Otherwise, an employee becomes eligible to participate at the end of the first twelve (12) month period or calendar year he completes 1,000 hours.

Definitions

Vesting service

- Salaried The sum of:
 1. Years and fractions of a year in completed months under the prior plan through April 3, 2009; and
 2. Years and fractions of a year in completed months after April 3, 2009 under this plan.
- Hourly The sum of:
 1. Vesting service through December 31, 2008 under the prior plan; and
 2. For each calendar year after December 31, 2008 one year if at least 1,000 hours are worked.

Plan Name: Woodward HRT Pension Plan
EIN / PN: 36-1984010/006
Plan Sponsor: Woodward, Inc.
Valuation Date: January 1, 2018

SCHEDULE SB ATTACHMENTS

Credited service

■ Salaried

The sum of:

1. Credited Service as of April 3, 2009 under the prior plan; and
2. Years and fractions of a year in completed months after April 3, 2009 under this plan.

Credited service for salaried employees was frozen effective December 31, 2014.

■ Hourly

The sum of:

1. Credited Service through December 31, 2008 under the prior plan;
2. For each calendar year after December 31, 2008 one year if at least 1,800 hours are worked; and
3. For each calendar year (including 2009) in which less than 1,800 hours are worked, a fraction equal to the actual hours worked divided by 1,800 rounded to nearest tenth.

Grandfathered Status

Certain salaried participants are deemed to be Grandfathered if as of January 1, 2007 (i) he has attained age 60 or completed 5 years of Vesting Service and (ii) the sum of the Member's attained age as of January 1, 2007 and completed whole years of Vesting Service as of January 1, 2007 equals or exceeds 55.

Compensation Base

For a salaried participant, this is the average annual Compensation for the five consecutive calendar years during which his average annual Compensation was the highest. Compensation is defined as wages by Section 3401(a) of the Code. Certain exclusions and inclusions apply as described in the document. Compensation used in the calculation of benefits for salaried participants was frozen effective December 31, 2014.

Covered Compensation

82.5% of the amount determined by averaging the contribution and benefit bases in effect under Section 230 of the Social Security Act for each year in the 35-year period ending with the earlier of (A) in the calendar year in which the participant terminates or (B) the calendar year ending December 31, 2014.

Plan Name:	Woodward HRT Pension Plan
EIN / PN:	36-1984010/006
Plan Sponsor:	Woodward, Inc.
Valuation Date	January 1, 2018

SCHEDULE SB ATTACHMENTS

Retirement Account This is an amount from an Offset Plan that was transferred to this Plan. This amount is converted to an age 65 annuity using the actuarial equivalence defined in Addendum A of the Plan. Future pay accruals are frozen as of December 31, 2014.

Normal retirement date (NRD) First of the month following attainment of age 65

Monthly pension benefit

■ Salaried

Non-Grandfathered: The maximum of a+b and c:

- a. One-twelfth (1/12) of the sum of:
 - (i) 1.5% of the participant's Compensation Base in excess of Covered Compensation multiplied by the participant's credited service as of 12/31/2006;
 - (ii) 1.0% of the participant's Compensation Base not in excess of Covered Compensation multiplied by the participant's credited service as of 12/31/2006;

plus
- b. The excess, if any, of:
 - (i) 1-1/3% of the participant's Compensation Base, divided by 12, and multiplied by the participant's credited service earned after 12/31/2006
 - (ii) the participant's Retirement Account, expressed as an Actuarially Equivalent single-life annuity commencing upon the participant's Normal Retirement Date
- c. \$50 times a Member's Credited Service to a maximum of five (5) years of Credited Service, with any portion of such amount that is attributable to Credited Service after December 31, 2006 being offset (but not reduced below zero) by the amount payable from the Retirement Account.

Grandfathered: The maximum of d. and the Non-Grandfathered Salaried formula above:

- d. One-twelfth (1/12) of the sum of:
 - (i) 1.5% of the participant's Compensation Base in excess of Covered Compensation multiplied by the participant's credited service as of termination;

Plan Name: Woodward HRT Pension Plan
EIN / PN: 36-1984010/006
Plan Sponsor: Woodward, Inc.
Valuation Date: January 1, 2018

SCHEDULE SB ATTACHMENTS

- (ii) 1.0% of the participant's Compensation Base not in excess of Covered Compensation multiplied by the participant's credited service as of termination

provided that the monthly normal retirement pension attributable to Credited Service earned after December 31, 2006 shall be reduced (but not below zero) by the amount payable from the Retirement Account.

In determining the number of years of credited service for parts (a) and (d), the total years of credited service from original date of hire to December 31, 2006 cannot exceed 35 years.

Benefit accruals were frozen effective December 31, 2014.

■ Hourly

A flat dollar amount multiplied by the participant's years of credited service:

- a. \$58, if employment ends before April 22, 2017
- b. \$60, if employment ends on or after April 22, 2017 and before April 20, 2018
- c. \$61, if employment ends on or after April 20, 2018 and before April 19, 2019
- d. \$62, if employment ends on or after April 19, 2019 and before April 17, 2020
- e. \$64, if employment ends on or after April 17, 2020

Monthly preretirement death benefit

50% of the monthly pension benefit as of the date of death, reduced for the 50% joint and survivor election and reduced for payment as early as the participant's earliest retirement date

Eligibility for Benefits

Normal retirement

Retirement on NRD

Early retirement

Retirement before NRD and on or after attaining the eligibilities below.

■ Salaried

Earlier of:

- i) Age 55 and 5 years of Vesting Service
- ii) Age 60
- iii) 20 years of Vesting Service

■ Hourly

Age 55 and 10 years of Vesting Service

Plan Name: Woodward HRT Pension Plan
EIN / PN: 36-1984010/006
Plan Sponsor: Woodward, Inc.
Valuation Date: January 1, 2018

SCHEDULE SB ATTACHMENTS

Postponed retirement	Retirement after NRD
Deferred vested termination	Termination for reasons other than death or retirement after completing five years of vesting service.
Disability	Permanent and total disability prior to NRD, and participant is receiving a Social Security disability benefit, after completing ten years of vesting service
Preretirement death benefit	Death while eligible for normal, early, postponed, or deferred vested retirement benefits, with a surviving spouse

Benefits Paid Upon the Following Events

Normal retirement	The monthly pension benefit determined as of NRD
Early retirement	The monthly pension benefit determined as of the early retirement date, reduced as applicable below.
<ul style="list-style-type: none">■ Salaried	<p>Reduction factors depend on benefit formula and service period:</p> <ul style="list-style-type: none">i) Grandfathered and other pre-2007 benefits are multiplied by the appropriate factor as set forth in Table A or Table B of the plan document, whichever is appropriate;ii) Non-Grandfathered Post-2007 benefits are reduced by 5/12 of 1% for each month or part of month by which the participant's Annuity Starting Date precedes the participant's 65th birthday
<ul style="list-style-type: none">■ Hourly	Reduced by one-half of one-percent for each complete calendar month by which the participant is under age 62
Postponed retirement	The monthly pension benefit determined as of the actual retirement date
Deferred vested termination	The monthly pension benefit determined as of the termination date, payable at the participant's NRD
Disablement	The monthly pension benefit determined as of the date of the disablement, payable immediately without reduction for early commencement, but reduced by the participant's other disability benefits, if any

Plan Name:	Woodward HRT Pension Plan
EIN / PN:	36-1984010/006
Plan Sponsor:	Woodward, Inc.
Valuation Date	January 1, 2018

SCHEDULE SB ATTACHMENTS

Preretirement death The monthly preretirement death benefit payable on behalf of an active employee is reduced as in early retirement.

Other Plan Provisions

Forms of payment Preretirement death benefits are payable only as described above. Monthly pension benefits are paid as described above as a life annuity, if the participant has no spouse as of the date payments begin, or if the participant so elects. Otherwise, benefits are paid in the form of a 50% joint and survivor annuity option or, if the participant elects and the spouse consents, another actuarially equivalent optional form offered by the plan. Optional forms are a 100%, 75%, or 50% joint and survivor annuity, or (for married participants) a life annuity. Actuarial equivalence is based on the tables found in the plan document (underlying basis of G94U Mortality and 7% interest).

Pension increases None

Plan participants' contributions They are not required or permitted.

Maximum limits on benefits and pay All benefits and pay for any calendar year may not exceed the maximum limitations for that year as defined in the Internal Revenue Code. The plan provides for increasing the dollar limits automatically as such changes take effect. Increases in the dollar limits are not assumed for funding or AFTAP purposes.

Future Plan Changes

No future plan changes were recognized in determining funding requirements. Willis Towers Watson is not aware of any future plan changes which are required to be reflected other than scheduled pension increases contained in the Collective Bargaining Agreement.

Plan Name: Woodward HRT Pension Plan
EIN / PN: 36-1984010/006
Plan Sponsor: Woodward, Inc.
Valuation Date January 1, 2018

SCHEDULE SB ATTACHMENTS

Changes in Benefits Valued Since Prior Year

Effective April 19, 2017, the plan was amended to increase the benefit multiplier for hourly participants. The following increases will be reflected when in effect for a given plan year.

Effective Date	Monthly Benefit Rate
4/22/2017	\$60.00
4/20/2018	\$61.00
4/19/2019	\$62.00
4/17/2020	\$64.00

Plan Name: Woodward HRT Pension Plan
EIN / PN: 36-1984010/006
Plan Sponsor: Woodward, Inc.
Valuation Date: January 1, 2018

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). ▶ Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210 - 0110 1210 - 0089 <div style="font-size: 24pt; font-weight: bold; text-align: center;">2018</div> This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
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For calendar plan year 2018 or fiscal plan year beginning		and ending	
A This return/report is for:	☐ a multiemployer plan	☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.)	
	☒ a single-employer plan	☐ a DFE (specify) _____	
B This return/report is:	☐ the first return/report ☐ an amended return/report	☐ the final return/report ☐ a short plan year return/report (less than 12 months)	
C If the plan is a collectively-bargained plan, check here	☐		
D Check box if filing under:	☒ Form 5558	☐ automatic extension	☐ the DFVC program
	☐ special extension (enter description) _____		

Part II	Basic Plan Information—enter all requested information
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1a Name of plan WOODWARD HRT PENSION PLAN	1b Three-digit plan number (PN) ▶	006
	1c Effective date of plan 04/03/2009	
2a Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) WOODWARD, INC. 1081 WOODWARD WAY FORT COLLINS CO 80524-1519	2b Employer Identification Number (EIN) **-***4010	
	2c Plan Sponsor's telephone number 970-498-3212	
	2d Business code (see instructions) 339900	

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE		10/10/2019	
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2018)

3a Plan administrator's name and address ☒ Same as Plan Sponsor	3b Administrator's EIN
	3c Administrator's telephone number
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name	4b EIN 4d PN
5 Total number of participants at the beginning of the plan year	5 720
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1), 6a(2), 6b, 6c, and 6d).	
a(1) Total number of active participants at the beginning of the plan year	6a(1) 415
a(2) Total number of active participants at the end of the plan year	6a(2) 388
b Retired or separated participants receiving benefits	6b 219
c Other retired or separated participants entitled to future benefits	6c 95
d Subtotal. Add lines 6a(2), 6b, and 6c	6d 702
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	6e 18
f Total. Add lines 6d and 6e	6f 720
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	6g
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested	6h 0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1A 1D

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	(1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information - Small Plan)
- (3) ☐ **A** (Insurance Information)
- (4) ☒ **C** (Service Provider Information)
- (5) ☐ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

WOODWARD, INC.

-*4010

Form 5500 (2018)

Page 3

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2018 Form M-1 annual report. If the plan was not required to file the 2018 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

WOOD006HRT Woodward, Inc.
36-1984010
FYE: 12/31/2018

Federal Statements
Woodward HRT Pension Plan
Plan: 006

Plan transactions in excess of 5% of plan assets

<u>Name</u>		<u>Purchase Price</u>	<u>Selling Price</u>	<u>Lease Rental</u>	<u>Expenses</u>	<u>Cost of Asset</u>	<u>Current Value</u>	<u>Net Gain or Loss</u>
	<u>Description</u>							
THE VANGUARD GROUP								
	FEDERAL MONEY MARKET FUND	\$ 4033362	\$	\$	\$	\$ 4033362	\$ 4033362	\$
THE VANGUARD GROUP								
	FEDERAL MONEY MARKET FUND		4256460			4256460	4256460	

WOOD006HRT Woodward, Inc.

36-1984010

FYE: 12/31/2018

Federal Statements
Woodward HRT Pension Plan
Plan: 006

Assets Held for Investment

<u>Party in Interest</u>	<u>Identity</u>	<u>Description</u>	<u>Cost</u>	<u>Current Value</u>
X	THE VANGUARD GROUP	CASH ACCOUNT	\$ 376,178	\$ 376,178
X	THE VANGUARD GROUP	FEDERAL MM FUND	623,653	623,653
X	THE VANGUARD GROUP	LT INV-GRADE FD ADM	42,369,044	41,178,219
X	THE VANGUARD GROUP	TOTAL STOCK MKT IND	22,497,061	46,545,465
X	THE VANGUARD GROUP	INTL GROWTH FD AMD	29,719,232	37,712,273