

WOODWARD GOVERNOR COMPANY

NOTICE OF 2003
ANNUAL MEETING
OF SHAREHOLDERS
AND PROXY STATEMENT





Woodward Governor Company
5001 North Second Street
P.O. Box 7001
Rockford, IL 61125-7001 USA
Tel: 815-877-7441
Fax: 815-639-6033

December 10, 2003

Dear Shareholder:

You are cordially invited to attend the Company's annual meeting at 10:00 a.m., local time, on Wednesday, January 28, 2004, in the Auditorium of Northern Illinois University Rockford located at 8500 East State Street, Rockford, Illinois. Registration for the meeting will be in the foyer of the facility. We invite you to join members of our management team for an informal social period from 9:00 a.m. to 9:45 a.m. The formal meeting will begin promptly at 10:00 a.m.

Parking is available on site. A map is located on the back of this proxy statement.

Please complete and return your proxy card, or vote via telephone or the Internet as soon as possible regardless of whether you plan to attend.

Sincerely yours,

WOODWARD GOVERNOR COMPANY

A handwritten signature in black ink, appearing to read 'John A. Halbrook'.

John A. Halbrook
Chairman, Board of Directors

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

Wednesday, January 28, 2004

10:00 a.m.

NIU–Rockford

8500 East State Street

Rockford, Illinois

The purpose of our Annual Meeting is to:

1. Elect three directors to serve for a term of three years each; and
2. Transact other business that properly comes before the meeting.

Shareholders who owned Woodward stock at the close of business on December 1, 2003, are entitled to vote at the meeting.

By Order of the Board of Directors,

WOODWARD GOVERNOR COMPANY



Carol J. Manning
Corporate Secretary

December 10, 2003

YOUR VOTE IS IMPORTANT

Even if you plan to attend the meeting in person, please date, sign, and return your proxy in the enclosed envelope, or vote via telephone or the Internet as soon as possible. Prompt response is helpful and your cooperation will be appreciated.

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Annual Report on Form 10-K

You may obtain a free copy of our Annual Report on Form 10-K for the year ended September 30, 2003, including schedules, filed with the Securities and Exchange Commission. Please contact Carol Manning, Corporate Secretary, Woodward Governor Company, P.O. Box 7001, Rockford, Illinois 61125-7001 or email investorrelations@woodward.com. This report is expected to be available at www.woodward.com by mid-December 2003.

About the Annual Meeting and Voting

Our Board of Directors is soliciting your proxy to vote at our annual meeting of shareholders (or at any adjournment of the meeting). This proxy statement summarizes the information you need to know to vote at the meeting.

We began mailing this proxy statement and the enclosed proxy card on or about December 10, 2003, to all shareholders entitled to vote. The Woodward Governor Company Annual Report, which includes our financial statements, is being sent with this proxy statement.

Shareholders who owned Woodward common stock at the close of business on the record date, December 1, 2003, are entitled to vote at the meeting. As of the record date, there were 11,264,385 shares outstanding.

Each share of Woodward common stock that you own entitles you to one vote, except for the election of directors. Since three directors are standing for election, you will be entitled to three director votes for each share of stock you own. Of this total, you may choose how many votes you wish to cast for each director.

Woodward offers shareholders the opportunity to vote by mail, by telephone, or via the Internet. Instructions to use these methods are set forth on the enclosed proxy card.

If you vote by telephone or via the Internet, please have your proxy or voting instruction card available. A telephone or Internet vote authorizes the named proxies in the same manner as if you marked, signed, and returned the card by mail. Voting by telephone and via the Internet are valid proxy voting methods under the laws of Delaware (our state of incorporation) and Woodward Bylaws.

If you properly fill in your proxy card and send it to us in time to vote, one of the individuals named on your proxy card (your "proxy") will vote your shares as you have directed. If you sign the proxy card but do not make specific choices, your proxy will follow the Board's recommendations and vote your shares:

- "FOR" the election of the Board's nominees to the Board of Directors.

If any other matter is presented at the meeting, your proxy will vote in accordance with his or her best judgment. At the time this proxy statement went to press, we knew of no other matters to be acted on at the meeting.

You may revoke your proxy by:

- sending in another signed proxy card with a later date,
- notifying our Corporate Secretary in writing before the meeting that you have revoked your proxy, or
- voting in person at the meeting.

If you want to give your written proxy to someone other than individuals named on the proxy card:

- cross out the individuals named and insert the name of the individual you are authorizing to vote, or
- provide a written authorization to the individual you are authorizing to vote along with your proxy card.

A quorum of shareholders is necessary to hold a valid meeting. The presence, in person or by proxy, at the meeting of holders of shares representing a majority of the votes of the common stock entitled to vote constitutes a quorum. Abstentions and broker non-votes are counted as present for establishing a quorum. A broker non-vote occurs when a broker votes on some matters on the proxy card but not on others because he or she is not permitted to vote on that item absent instruction from the beneficial owner of the shares and no instruction is given.

Directors are elected by a plurality vote of shares present at the meeting, meaning that the three director nominees receiving the most votes will be elected.

Other action is by an affirmative vote of the majority of shares present at the meeting and entitled to vote. Abstentions have the same effect as votes against a matter because they are considered present and entitled to vote, but are not voted. Broker non-votes will be considered present for quorum purposes but not entitled to vote. Accordingly, broker non-votes will have no effect on the vote.

Board of Directors

Structure

Our Board of Directors is divided into three classes for purposes of election. One class is elected at each annual meeting of shareholders to serve for a three-year term.

Directors elected at the 2004 Annual Meeting of Shareholders will hold office for a three-year term expiring in 2007 or when their successors are elected. Other directors are not up for election at this meeting and will continue in office for the remainder of their terms.

If a nominee is unavailable for election, proxy holders will vote for another nominee proposed by the Board.

PROPOSAL 1—ELECTION OF DIRECTORS

Directors Standing for Election at This Meeting for Terms Expiring in 2007:



John D. Cohn

Age: 49

Senior Vice President Strategic Development and Communications of Rockwell Automation, Inc., a provider of global industrial automation power, control, and information solutions. Mr. Cohn has been a director of the Company since 2002.



Michael H. Joyce

Age: 63

President and Chief Operating Officer of Twin Disc, Incorporated, a designer and manufacturer of heavy-duty transmission equipment. Other directorships: Twin Disc, Incorporated and The Oilgear Company. Mr. Joyce has been a director of the Company since 2000.



James R. Rulseh

Age: 48

Group Vice President of Modine Manufacturing Company, a specialist in thermal management products, bringing heating and cooling technology to diversified markets. Mr. Rulseh has been a director of the Company since 2002.

Your Board of Directors recommends a vote "FOR" the nominees presented in Proposal 1.

Directors Remaining in Office Until 2005:



Rodney O'Neal

Age: 50

President, Dynamics, Propulsion and Thermal Sector of Delphi Corporation. Delphi is a world leader in mobile electronics, transportation components and systems technology. Mr. O'Neal has been a director of the Company since 1999.



Mary L. Petrovich

Age: 40

Chief Executive Officer of AxleTech International, a supplier of off-highway and specialty vehicle drivetrain systems and components. Ms. Petrovich has been a director of the Company since 2002.



Michael T. Yonker

Age: 61

Retired President and Chief Executive Officer of Portec, Inc., which had operations in the construction equipment, materials handling and railroad products industries. Other directorships: Modine Manufacturing Company, Inc. and Emcor Group, Inc. Mr. Yonker has been a director of the Company since 1993.

Directors Remaining in Office Until 2006:



Paul Donovan

Age: 56

Retired on June 30, 2003 as Executive Vice President and Chief Financial Officer of Wisconsin Energy Corporation, a holding company with subsidiaries in utility and non-utility businesses, including electric and natural gas energy services, pump manufacturing, waste-to-energy and real estate businesses. Other directorships: AMCORE Financial, Inc., CLARCOR, and Solutia, Inc. Mr. Donovan has been a director of the Company since 2000.



John A. Halbrook

Age: 58

Chairman and Chief Executive Officer of the Company. Other directorships: AMCORE Financial, Inc. Mr. Halbrook has been a director of the Company since 1991.

Board Meetings and Committees

The Board of Directors met seven times during 2003; all incumbent directors attended more than 75 percent of the aggregate of the total meetings of the Board of Directors and all committees of the Board on which they served.

All actions by committees are reported to the Board at the next scheduled meeting. No legal rights of third parties may be affected by Board revisions.

Committee Membership

Name	Audit	Compensation	Executive	Nominating and Governance
John D. Cohn	■	■		
Paul Donovan	■*	■	■	
John A. Halbrook			■*	
Michael H. Joyce			■	■*
Rodney O'Neal		■		■
Mary L. Petrovich		■		■
James R. Rulseh	■			■
Michael T. Yonker	■	■*	■	

* chairman

Audit Committee

The Audit Committee oversees and monitors management's and the independent public auditors' participation in the financial reporting process. The Committee operates under a Charter, which is attached as Exhibit B, that more fully describes the responsibilities of the Committee. Consistent with the Nasdaq's independent director and Audit Committee listing standards, and in accordance with the Committee charter, all members of the Audit Committee are independent directors. The Board of Directors has determined that all members of the Audit Committee are Audit Committee Financial Experts, as the Securities and Exchange Commission defines that term. The Committee held four meetings during 2003.

Compensation Committee

The Compensation Committee recommends the base compensation of Woodward's officers and key personnel, and evaluates the performance of and reviews the results of the annual member evaluation for those individuals. The Committee administers the Company's Long-Term Management Incentive Compensation Plan and the 2002 Stock Option Plan, determining and taking all action, including granting of all incentives and/or stock options to eligible worker members, in accordance with the terms of the Plans. The Committee held three meetings during 2003.

Executive Committee

The Executive Committee exercises all the powers and authority of the Board of Directors in the management of the business when the Board is not in session and when, in the opinion of the Chairman, the matter should not be postponed until the next scheduled Board meeting. The Committee may declare cash dividends. The Committee may not authorize certain major corporate actions such as amending the Certificate of Incorporation, amending the Bylaws, adopting an agreement of merger or consolidation, or recommending the sale, lease, or exchange of substantially all of Woodward's assets. The Committee held no meetings during 2003.

Nominating and Governance Committee

The Nominating and Governance Committee recommends qualified individuals to fill any vacancies on the Board and develops and administers the Company's Corporate Governance guidelines. The Committee held two meetings during 2003.

No procedures have been established for the Nominating and Governance Committee to consider nominees recommended by shareholders.

Lead Director

In addition to the above standing committees, Mr. Yonker serves as "Lead Director." The Lead Director chairs a separate meeting of the outside directors following each regularly scheduled Board meeting. Topics discussed are at the discretion of the outside directors. The Lead Director then meets with the Chairman and Chief Executive Officer to review items discussed at the meeting.

Director Qualifications

The Company's Bylaws provide that:

- each director shall retire on September 30th following his or her seventieth birthday unless approved otherwise by the Board,
- no person may serve as a director unless he or she agrees to be guided by the philosophy and concepts expressed in Woodward's Constitution, and
- Woodward must receive adequate notice regarding nominees for directors. A copy of the notice requirement in Section 2.8 is attached as Exhibit A.

Director Compensation

We do not pay directors who are also Woodward officers additional compensation for their service as directors. In 2003, compensation for non-employee directors included the following:

- a monthly retainer of \$2,000
- Board and committee members receive \$1,000 for each meeting attended
- committee chairmen receive \$1,500 for each committee meeting attended
- expenses of attending Board and committee meetings
- award of options in January 2003 to purchase 1,000 shares of Woodward common stock at the market price on the date of grant; options vest after one year

Pursuant to Outside Director Stock Purchase Agreements entered into prior to July 2002, we sold Treasury Shares at the closing price on the dates of purchase. In payment of the purchase price, non-interest bearing notes were signed and will be repaid by application of each director's monthly retainer. The largest amount of indebtedness outstanding during the year and the amount outstanding at December 1, 2003, were: Mr. Donovan, \$65,283/\$37,283; Mr. Joyce, \$65,282/\$37,282; Mr. O'Neal \$31,979/\$3,979 and Mr. Rulseh, \$109,963/\$81,963.

Share Ownership of Management

Directors and Executive Officers The following table shows how much Woodward common stock was owned, as of November 21, 2003, by each director, each executive officer named in the Summary Compensation table, and all directors and executive officers as a group.

Ownership of Common Stock		
Non-Employee Directors	Number	Percent
John D. Cohn	2,000	0.02
Paul Donovan	3,502 (2)	0.03
Michael H. Joyce	4,792 (2)	0.04
Rodney O'Neal	6,553 (2)	0.06
Mary L. Petrovich	2,615	0.02
James R. Rulseh	1,692	0.02
Michael T. Yonker	8,036 (2)	0.07
Named Executive Officers		
Stephen P. Carter	102,533 (1)	0.91
Thomas A. Gendron	68,159 (1)	0.61
John A. Halbrook	326,216 (1)	2.90
C. Phillip Turner	118,531 (1) (3)	1.05
All directors and executive officers as a group	653,292 (1) (2)	5.80

- (1) Includes the maximum number of shares which might be deemed to be beneficially owned under rules of the Securities and Exchange Commission. Includes options to purchase shares of common stock as follows: Mr. Carter 96,710; Mr. Gendron 63,574; Mr. Halbrook 310,325; and Mr. Turner 92,158. Also includes shares (does not include fractional shares) allocated to participant accounts of executive officers under the Woodward Governor Company Retirement Savings Plan. The Plan directs the Trustee to vote the shares allocated to participant accounts under the Woodward Stock Plan portion of the Plan as directed by such participants and to vote all allocated shares for which no timely instructions are received in the same proportion as the allocated shares for which instructions are received.
- (2) Includes exercisable options to purchase 2,000 shares of common stock granted under the 2002 Stock Option Plan to each indicated member of the Board of Directors.
- (3) Mr. Turner retired from the Company on July 1, 2003. In accordance with Item 402 (a)(3)(iii) of Securities and Exchange Commission Regulation S-K, information is provided even though Mr. Turner was not serving as an executive officer at the end of fiscal 2003.

Share Ownership Guidelines

In 1998, the Board of Directors established share ownership guidelines for executives and non-employee directors to align their interests and objectives with the Company's shareholders. These guidelines require that executives own shares with a value ranging from a minimum of two times annual salary for executives at the level of vice president to a minimum of four times annual salary for the Company's Chairman and Chief Executive Officer. The guidelines also require that non-employee directors own shares with a value equal to five times annual retainer, to be reached within five years of election to the Board.

Section 16(a) Beneficial Ownership Reporting Compliance

Based upon a review of our records, all reports required to be filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") were filed on a timely basis.

Persons Owning More than Five Percent of Woodward Stock

As of November 21, 2003	Ownership of Common Stock	
Principal Holders	Number	Percent
Woodward Governor Company Profit Sharing Trust 5001 North Second Street Rockford, Illinois 61111	1,589,225 (1)	14.11
Royce & Associates, LLC 1414 Avenue of the Americas New York, New York 10019	1,255,576 (2)	11.15

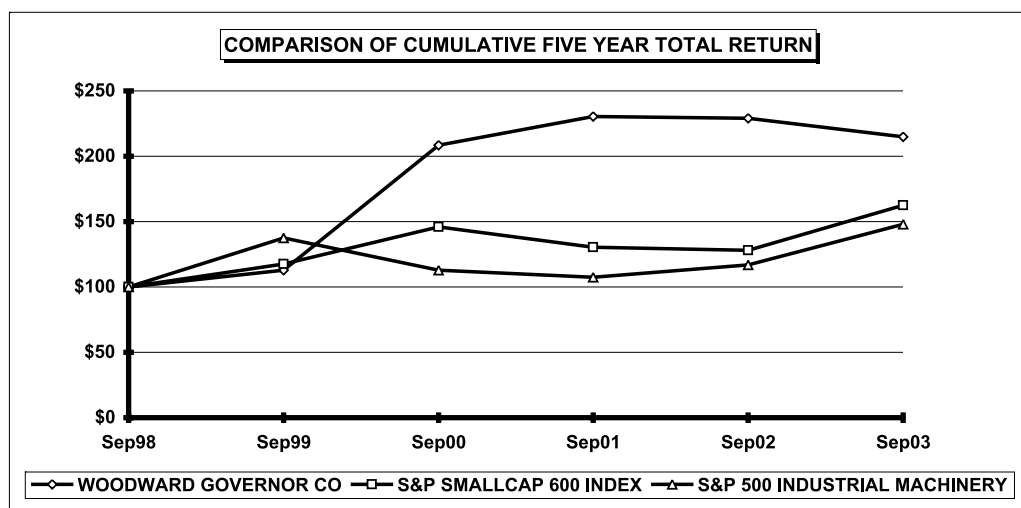
- (1) Shares owned by the Woodward Governor Company Profit Sharing Trust are held in its Retirement Savings Plan (the "Plan"). Vanguard Fiduciary Trust serves as Trustee of the Profit Sharing Trust. The total number of 1,589,225 shares of common stock held in the Profit Sharing Trust is allocated to participant accounts. The Plan directs the Trustee to vote the shares allocated to participant accounts under the Woodward Stock Plan portion of the Plan as directed by such participants and to vote all allocated shares for which no timely instructions are received in the same proportion as the allocated shares for which instructions are received. In the event of a tender or exchange offer, participants have the right individually to decide whether to tender or exchange shares in their account. The Plan directs the Trustee to tender or exchange all allocated shares for which no timely instructions are received in the same proportion as the allocated shares with respect to which it does receive directions.
- (2) Royce & Associates, LLC has advised the Company that it has sole investment power and sole voting power for the entire holding.

Common Stock Performance

The following Performance Graph compares Woodward's cumulative total return on its common stock for a five-year period (years ended September 30, 1999 to September 30, 2003) with the cumulative total return of the S&P SmallCap 600 Index and the S&P 500 Industrial Machinery Index.

Total Return to Shareholders

The graph assumes that the value of the investment in Woodward's Common Stock and each index was \$100 on September 30, 1998 and that all dividends were reinvested.



	Total Return to Shareholders					
	1998	1999	2000	2001	2002	2003
Woodward Governor Company	\$100.00	\$112.68	\$208.32	\$230.27	\$229.18	\$214.75
S & P SMALLCAP 600	\$100.00	\$117.54	\$145.95	\$130.46	\$128.12	\$162.53
S & P 500 INDUSTRIAL MACHINERY	\$100.00	\$137.36	\$112.76	\$107.41	\$117.04	\$147.81

Compensation Committee Report on Executive Compensation

The goal of the Compensation Committee (the "Committee") is to establish and administer a compensation program that will (1) offer competitive compensation to attract, retain, and motivate a high-quality senior management team, and (2) link total annual cash compensation to Company and individual performance. The Committee believes proper administration of such a program will result in development of a management team that embraces the best long-term interests of Woodward and its shareholders.

To accomplish this goal, the Committee, comprised entirely of independent directors, structures total compensation packages comprised of base salary, short-term and long-term incentive compensation, and stock options.

Market-based compensation recognizes responsibilities and accountabilities for similarly situated positions within a representative comparative group. Guidance is provided by a professional compensation and benefits consulting firm. This process establishes base compensation and targets for incentive/variable compensation. Woodward's stock performance is considered in determining any incentive compensation.

Compensation Structure and Components

- individuals are assigned to salary grade ranges based upon their position
- base salary is set within the range based upon actual job responsibilities, performance, and experience in the job
- annual incentive compensation targets of at least 10 percent, but not more than 70 percent, of base salary are established
- incentive compensation targets are tied to salary grade

Base Salary

Base salary and annual rate adjustments are based on individual performance, experience, responsibilities, management and leadership abilities.

Annual Incentive Compensation

Annual cash incentives are based on overall financial performance of the Company or individual groups or operating units, achievement of short-term objectives, and direct individual performance. If certain minimum target results are not achieved, no annual incentive is paid. If targeted levels are attained, annual incentive levels range from 10 percent to 70 percent of base salary. Participants have an opportunity to significantly increase their annual incentive compensation above targeted levels for outstanding performance.

The Woodward Governor Company 2002 Stock Option Plan (the "Stock Option Plan") was established to further Woodward's long-term growth and profitability by offering long-term incentives to certain key management worker members and directors who are not worker members. By providing an equity position in the Company, the Compensation Committee believes that participants' interests will be better aligned with those of the Company's shareholders.

The Stock Option Plan authorizes awards of both incentive and nonqualified stock options to worker members and nonqualified stock options to independent directors. Management makes recommendations to the Committee on the size of grant, if any, for each participant. The option price of the shares is determined at the date of the grant and will not be less than the fair market value as quoted on the Nasdaq National Market on that date.

In fiscal 2003, 24 worker members and 10 independent directors were granted options under the Stock Option Plan.

Long-Term Management Incentive Compensation Plan

In fiscal 2000, the Company established a long-term, performance-based compensation plan. Eligibility is limited to a few top-level executives, currently three individuals, as determined by the Compensation Committee. The Committee sets long-term performance goals and confirms attainment or lack thereof. The performance goals are established to encourage consistent, sustainable growth and are measured over three-year cycles.

Officer	Retirement Savings Plan*			Unfunded Deferred Compensation Plans		
	2003	2002	2001	2003	2002	2001
Halbrook	\$25,900	\$26,700	\$23,100	\$28,081	\$27,366	\$30,339
Gendron	24,050	25,249	22,368	7,354	3,861	6,944
Turner	28,255	31,105	27,169	3,175	4,218	8,096
Carter	25,348	25,850	22,787	4,098	991	4,092

*Effective December 31, 2002, the Retirement Income Plan was merged into the Member Investment and Stock Ownership Plan, which was then renamed the Retirement Savings Plan. The plans were merged to simplify plan administration and are applicable to all Woodward members.

Transitional Compensation Agreements

Woodward has transitional compensation agreements with Messrs. Halbrook, Gendron, and Carter that become operative only upon a change in control or other specified event. For purposes of these agreements, a change in control occurs if:

- any person, entity, or group (with certain exceptions) becomes the beneficial owner of 15 percent or more of the outstanding shares of Woodward common stock; or
- there is a change in a majority of the Board during any two-year period other than by election or nomination by a vote of two-thirds of the Board members as of the beginning of the period; or Woodward's shareholders approve a merger, consolidation, sale of assets or share exchange resulting in our shareholders owning less than 51 percent of the combined voting power of the surviving corporation following the transaction; or
- our shareholders approve a liquidation or dissolution.

Following a change in control, Woodward will continue to employ the executive for a minimum period of two years in substantially the same position, for substantially the same compensation and benefits. If the executive's employment is terminated by Woodward (other than for cause or due to death or disability), or the executive terminates with good reason (as defined in the agreement), he or she receives an amount (payable in a lump sum) equal to 300 percent of each of (1) the executive's annual base salary, (2) highest annual bonus in the last three years, (3) highest long-term incentive compensation bonus in the last three years, and (4) the sum of the Retirement Savings Plan and Executive Benefit Plan annual contributions made or credited for the benefit of the executive. Member benefits shall be continued at Woodward's expense for a period of three years after the date of termination. Outplacement services will be provided at Woodward's expense as well as tax preparation services for the executive's taxable year in which the termination occurred.

If the benefits and amount payable to the executives are subject to federal excise tax, the executive officers will also be entitled to receive an additional payment so they will receive (on a net basis) the same amount they would have received absent the applicability of the excise tax.

Stock Options

The following table shows stock options granted during fiscal 2003 under the Woodward Governor Company 2002 Stock Option Plan to the individuals named in the Summary Compensation table:

Option Grants in Last Fiscal Year

Individual Grants

Name	Number of Securities Underlying Options Granted (1)	% of Total Options Granted to Employees in Fiscal Year	Exercise Price (2)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation For Option Term (3)	
					5%(\$)	10%(\$)
John A. Halbrook	25,000	20.00%	\$47.72	10/07/2012	\$750,271	\$1,901,335
Thomas A. Gendron	20,000	16.00	47.72	10/07/2012	600,217	1,521,068
C. Phillip Turner	—	—	—	—	—	—
Stephen P. Carter	10,000	8.00	47.72	10/07/2012	300,109	760,534

(1) Consists of non-qualified options issued for a ten-year term.

(2) Closing price of common stock as reported on the Nasdaq Stock Market as of the date of grant.

(3) The potential realizable value is calculated based on the term of the option at its time of grant (ten years). It is calculated assuming that the stock price on the date of grant appreciates at the indicated annual rate compounded annually for the entire term of the option and the option is exercised and sold on the last day of its term for the appreciated stock price. No gain to the optionee is possible unless the stock price increases over the option term.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

The following table provides information on option exercises in 2003 by the individuals named in the Summary Compensation table and the value of their unexercised options at September 30, 2003.

Name	Shares Acquired on Exercise (#)	Value Realized (\$)	Number of Securities Underlying Unexercised Options at Fiscal Year-End(#) Exercisable / Unexercisable	Value of Unexercised In-the-Money Options at Fiscal Year-End (\$) Exercisable / Unexercisable
John A. Halbrook	0	0	272,825 / 91,250	\$4,376,316 / \$194,640
Thomas A. Gendron	0	0	48,324 / 43,500	673,467 / 47,531
C. Phillip Turner	0	0	84,658 / 13,750	1,451,341 / 73,843
Stephen P. Carter	0	0	84,710 / 29,500	1,314,465 / 68,465

Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants, and Rights	Weighted-Average Exercise Price of Outstanding Options Warrants, and Rights	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in the first column)
Equity compensation plans approved by security holders (1)	1,004,762	\$34.28	925,289
Equity compensation plans not approved by security holders	0	0	0
Total	1,004,762	\$34.28	925,289

(1) Consists of the 2002 Stock Option Plan

Long-Term Management Incentive Compensation Plan Awards

See "Compensation Committee Report on Executive Compensation" for a description of the Long-Term Management Incentive Compensation Plan (LTMIC). The following table shows, for the named executive officers, the calculated future payouts, if any, under the LTMIC for the three-year performance cycle that began in fiscal year 2003. Threshold amounts are the minimum amounts payable under the LTMIC provided that the minimum level of performance is achieved with respect to the pre-established performance objectives, measured in terms of the Company's cumulative earnings per share and return on average invested assets for the cycle. If such performance is not achieved, amounts will be zero.

Long-Term Incentive Plan Awards in Last Fiscal Year

Name	Number of Shares, Units, or Other Rights	Performance or Other Period Until Maturation or Payout	Estimated Future Payouts Under Non-Stock Price-Based Plans		
			Threshold	Target	Maximum
John A. Halbrook	—	3 years	\$27,936	\$272,545	545,090
Thomas A. Gendron	—	3 years	12,301	120,016	240,032
C. Phillip Turner	—	—	—	—	—
Stephen P. Carter	—	3 years	10,383	101,296	202,592

Amounts shown in this table were calculated using the salaries for the named executive officers in the LTMIC as of the beginning of the performance period October 1, 2002 through September 30, 2005.

Audit Committee Report to Shareholders

Audit Committee Report

We recommended to the Board of Directors that the consolidated balance sheets of the Company at September 30, 2003 and 2002, and the related statements of consolidated earnings, shareholders' equity, and cash flows of the Company for each of the three years ended September 30, 2003, be included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the year ended September 30, 2003. Our recommendation was based on our review and discussion of the audited financial statements with management, and our discussions with PricewaterhouseCoopers LLP, the independent public auditors who audited the financial statements.

We discussed with PricewaterhouseCoopers LLP the matters required to be discussed under Statement of Auditing Standards No. 61, as amended. We also discussed with PricewaterhouseCoopers LLP their independence, received from them the written disclosures and the letter required by Independence Standards Board Standard No. 1, and considered whether the provision of services other than audit services (the fees for which are disclosed in the table that follows) is compatible with maintaining their independence.

Audit Committee: Paul Donovan, chairman
James R. Rulseh

John D. Cohn
Michael T. Yonker

Audit Committee's Policy on Pre-Approval of Services Provided by Independent Public Auditors

The Audit Committee is responsible for appointing, setting compensation for, and overseeing the work of the independent public auditors. As a result, the Audit Committee has established a policy regarding pre-approval of all services provided by the independent public auditors. Under the established policy, all audit services and related fees require the specific approval of the Audit Committee. For audit-related services, tax services, and all other services, the Audit Committee has determined specific services and dollar thresholds under which such services would be considered pre-approved. To the extent that management requests services other than these pre-approved services, or beyond the dollar thresholds, the Audit Committee must specifically approve the services. Furthermore, under the established policy, the independent public auditors are prohibited from performing the non-audit services identified by the Securities and Exchange Commission as prohibited. Also, the policy requires management to prepare reports for the Audit Committee on a periodic basis on the Company's use of the independent public auditors.

The following table presents fees for professional audit services rendered by PricewaterhouseCoopers LLP for the audit of the Company's consolidated financial statements as of and for the years ended September 30, 2003, and September 30, 2002, and fees billed for other services rendered by PricewaterhouseCoopers LLP during those periods. Certain amounts for 2002 have been reclassified to conform to the 2003 presentation.

Year ended September 30	2003	2002
Audit Fees	\$535,823	\$ 512,846
Audit-Related Fees (1)	23,011	78,009
Tax Fees	192,302	256,366
All Other Fees (2)	165,038	196,110
Total	\$916,174	\$1,043,331

(1) Audit-Related Fees consists of assurance and related services that are reasonably related to the performance of the audit of the financial statements. This category includes fees for pension and benefit plan audits, consultations concerning accounting and financial reporting standards, assistance with statutory financial reporting, consultation on general internal control matters or Sarbanes-Oxley assistance, due diligence related to mergers and acquisitions, and other auditing procedures and issuance of special purpose reports.

(2) All Other Fees consists primarily of internal investigations, training, and actuarial reports and calculations (that were approved prior to April 29, 2003).

The Audit Committee pre-approves all services performed by PricewaterhouseCoopers LLP in accordance with the Audit Committee Charter, which is attached to this Proxy Statement.

Independent Public Auditors

In 2003, PricewaterhouseCoopers LLP served as Woodward's independent public auditors. A representative from the firm is expected to attend the annual meeting and will have the opportunity to make a statement, if he or she desires to do so, and be available to answer appropriate questions. The appointment of independent public auditors for the fiscal year ending September 30, 2004, is currently expected to occur in April 2004 and will be determined by the Audit Committee of the Company. We expect PricewaterhouseCoopers LLP will be considered for reappointment.

Shareholder Proposals

If you want to submit a proposal for possible inclusion in our proxy statement for the 2005 Annual Meeting of Shareholders, you must ensure your proposal is received by us on or before August 11, 2004.

If you intend to present a proposal to shareholders, but do not want it included in the proxy statement, management's proxies for that meeting will be entitled to exercise their discretionary authority on that proposal, unless we receive notice of your proposal no later than October 24, 2004. Even if we receive proper notice before October 24, 2004, the proxies may still exercise their discretionary authority on the proposal by telling shareholders about the proposal and how they intend to vote on it, unless you solicit proxies for the proposal as required by Rule 14a-4(c)(2) under the Exchange Act.

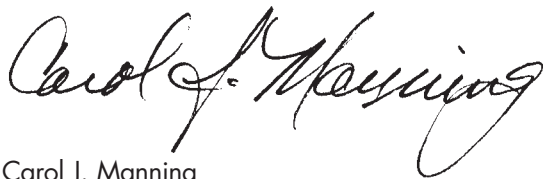
Other Matters

Woodward is soliciting this proxy on behalf of its Board of Directors. This solicitation is being made by mail, but also may be made by telephone or in person. The Company has employed Morrow & Company to solicit proxies for the annual meeting from brokers, bank nominees, other institutional holders, and certain individual shareholders. The Company has agreed to pay \$5,000, plus the out-of-pocket expenses of Morrow & Company, for these services. The Company will also pay the regular charge of brokers and other nominees who hold shares of record for forwarding proxy material to the beneficial owners of such shares.

We do not know of any matters to be acted upon at the meeting other than those discussed in this statement. If any other matter is presented, proxy holders will vote on the matter in their discretion.

By Order of the Board of Directors

WOODWARD GOVERNOR COMPANY



Carol J. Manning

Corporate Secretary
December 10, 2003

Section 2.8 of the Bylaws Requiring Written Notice

SECTION 2.8. NOMINATIONS FOR DIRECTOR. Nominations for election to the Board of Directors may be made by the Board of Directors or by any stockholder entitled to vote for the election of directors. Nominations other than those made by the Board of Directors shall be made by notice in writing, delivered or mailed by registered or certified United States mail, return receipt requested, postage prepaid, to the Secretary of the Corporation, not less than 20 days nor more than 50 days prior to any meeting of stockholders called for the election of directors; provided, however, if less than 21 days' notice of the meeting is given to stockholders, such written notice shall be delivered or mailed, as prescribed, not later than the close of business on the seventh day following the day on which the notice of meeting was mailed to the stockholders. Each such written notice shall contain the following information:

- (a) The name and residence address of the stockholder making the nomination;
- (b) Such information regarding each nominee as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee been nominated by the Board of Directors; and
- (c) The signed consent of each nominee to serve as a member of the Board of Directors if elected, and the signed agreement of each nominee that if elected he or she will be guided by the philosophy and concepts of human and industrial association of the Corporation as expressed in its Constitution in connection with the nominee's service as a member of the Board of Directors.

Unless otherwise determined by the Chairman of the Board of Directors or by a majority of the directors then in office, any nomination which is not made in accordance with the foregoing procedure shall be defective, and any votes which may be cast for the defective nominee shall be disregarded.

Charter of the Audit Committee of the Board of Directors of Woodward Governor Company

Purpose

The Audit Committee shall provide assistance to the directors in fulfilling their responsibility to the shareholders, potential shareholders, and the investment community relating to accounting and reporting practices of the Company and the quality and integrity of financial reports. In so doing, it is the responsibility of the committee to maintain free and open communication among the directors, the independent auditors, and the financial management of the Company.

Responsibilities

The committee oversees and monitors management's and the independent auditors' participation in the financial reporting process. In this role, the committee is responsible for the following:

- appointment, retention, and oversight of the work of any auditing firm engaged (including resolution of disagreements between management and the auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company. Each such auditing firm must report directly to the committee
- review and discuss with management their plans related to internal audit/risk assessment activities and the results of those activities
- review and discuss with management the audited financial statements
- discuss with the independent auditors any matters required to be discussed under Statement of Auditing Standards No. 61, as amended
- obtain from the independent auditors the written disclosures and the letter required by Independence Standards Board Standard No. 1; discuss with the auditors any disclosed relationships or services that may impact the objectivity and independence of the auditors; and take appropriate actions with respect to the independence of the auditors
- recommend to the Board of Directors, based on reviews and discussions referred to in the preceding three items, that the audited financial statements be included in the Company's Annual Report on Form 10-K
- review with management and the independent auditors the Company's quarterly financial statements prior to filing of its Form 10-Q and earnings releases
- review major changes to the Company's auditing and accounting principles and practices as suggested by the external auditor, internal auditor, or management
- review management's internal control report prior to its inclusion in the Company's annual report, which addresses the effectiveness of the Company's internal controls and procedures for purposes of financial reporting
- establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters
- pre-approve all audit, review, or attest engagements and permissible non-audit services to be provided to the Company by the independent auditors, and approve the fees of the independent auditors for such services; provided, however, that in no event shall the committee have the authority to pre-approve any non-audit services which may not be performed by the independent auditors under applicable law
- review the findings, comments, and recommendations of the independent auditors
- provide a report in the Company's proxy statement as required by the Securities and Exchange Commission

The committee has the authority to establish pre-approval policies and procedures with respect to audit, review, and attest engagements and permissible non-audit services. The committee also has the authority to delegate to one or more members of the committee the authority to grant pre-approvals of any audit, review, or attest engagements and permissible non-audit services to be performed by the independent auditors. Any member to whom such pre-approval authority is delegated shall advise the committee at its next scheduled meeting of any such pre-approvals by such member.

The committee has the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

The committee has the authority to determine, on behalf of the Company, (i) the compensation payable to any registered public auditing firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company; (ii) compensation payable to any advisers employed by the committee; and (iii) the ordinary administrative expenses of the committee that are necessary or appropriate in carrying out its duties.

Membership

The committee is to consist of three or more members of the Board of Directors, one of whom is to be elected chairperson. Each member of the committee is to be an "independent" director as defined under applicable federal securities laws and the rules of The Nasdaq Stock Market. Each member must be able to read and understand fundamental financial statements, including a balance sheet, statement of earnings, and statement of cash flows. At least one member of the committee must have past employment experience in finance or accounting or comparable experience or background that results in the individual's financial sophistication and be designated as an "audit committee financial expert" as required by applicable federal securities laws.

Meetings

The committee is to meet four or more times each fiscal year. The chairman will determine meeting agendas and will involve or exclude management and independent auditors as considered appropriate to fulfill the committee's responsibilities. Minutes of each meeting are to be prepared and approved at a subsequent meeting. Minutes are to be distributed to committee members and the Chairman of the Board of Directors, and are to be made available to all Board members.

The committee is responsible for the duties set forth in this Charter but is not responsible for either preparation of the financial statements or auditing of the financial statements. Management has the responsibility for preparing the financial statements and implementing internal controls, and the independent auditors have the responsibility for auditing the financial statements. The review of the financial statements by the committee is not of the same quality as the audit performed by the independent auditors.

* * *

The adequacy of this Charter is to be reviewed and reassessed by the committee annually and will be included in the proxy statement at least every three years.

Revised as of April 28, 2003

NIU-Rockford

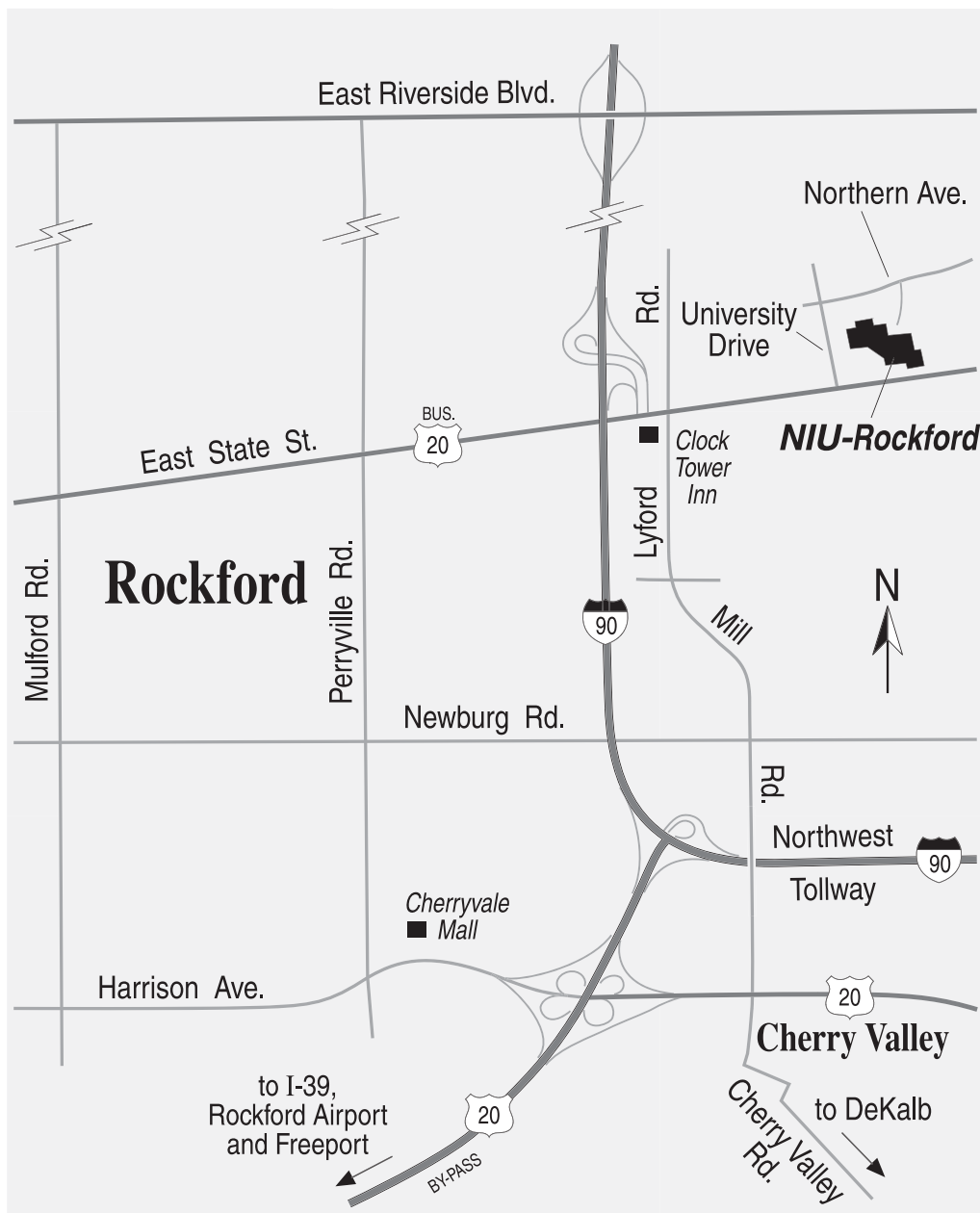
Wednesday, January 28, 2004

10:00 a.m.

NIU-Rockford

8500 East State Street

Rockford, Illinois



Access from the south and west
(via Bypass 20)
Exit Bypass 20 to I-90 north (to
Wisconsin) and drive three miles to the
Business 20/East State Street exit.
Follow north and east directions.

Access from the north and east
(via I-90)
Exit I-90 at Business 20 (East State
Street). Turn left (east) from the exit ramp
onto East State Street. Drive 1/2 mile
and turn left at the light onto University
Drive. Drive one block to Northern
Avenue and turn right. There are 350
non-metered parking spaces surrounding
the center.