UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 29, 2024

OR

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

For the transition period from _________ to _________

Commission file number 1-05129

MOOG Inc.
(Exact name of registrant as specified in its charter)

New York	**16-0757636**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
400 Jamison Road East Aurora, New York	**14052-0018**
(Address of Principal Executive Offices)	(Zip Code)

(716) 652-2000
(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A common stock	MOG.A	New York Stock Exchange
Class B common stock	MOG.B	New York Stock Exchange

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

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

The number of shares outstanding of each class of common stock as of July 19, 2024 was:
Class A common stock, 28,765,302 shares
Class B common stock, 3,225,328 shares

MOOG Inc.

QUARTERLY REPORT ON FORM 10-Q
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PART I FINANCIAL INFORMATION
Item 1. Financial Statements

MOOG Inc.

Consolidated Condensed Statements of Earnings
(Unaudited)

(dollars in thousands, except share and per share data)	Three Months Ended June 29, 2024	Three Months Ended July 1, 2023	Nine Months Ended June 29, 2024	Nine Months Ended July 1, 2023
Net sales	$ 904,735	$ 850,176	$ 2,691,888	$ 2,447,071
Cost of sales	651,672	627,543	1,938,673	1,799,437
Inventory write-down	1,600	—	1,775	—
Gross profit	251,463	222,633	751,440	647,634
Research and development	27,791	26,502	86,752	77,107
Selling, general and administrative	126,361	121,935	370,047	351,795
Interest	18,153	17,256	52,850	45,351
Asset impairment	112	435	6,862	1,654
Restructuring	3,984	1,642	12,623	4,737
Gain on sale of buildings	—	—	—	(10,030)
Other	4,157	4,525	10,041	10,077
Earnings before income taxes	70,905	50,338	212,265	166,943
Income taxes	14,545	7,951	48,090	35,527
Net earnings	$ 56,360	$ 42,387	$ 164,175	$ 131,416
Net earnings per share				
Basic	$ 1.76	$ 1.33	$ 5.14	$ 4.13
Diluted	$ 1.74	$ 1.32	$ 5.08	$ 4.11
Weighted average common shares outstanding				
Basic	31,960,165	31,838,961	31,943,365	31,811,034
Diluted	32,409,370	32,067,391	32,342,700	31,995,340

See accompanying Notes to Consolidated Condensed Financial Statements.

MOOG Inc.

Consolidated Condensed Statements of Comprehensive Income
(Unaudited)

	Three Months Ended		Nine Months Ended	
(dollars in thousands)	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net earnings	$ 56,360	$ 42,387	$ 164,175	$ 131,416
Other comprehensive income (loss) ("OCI"), net of tax:				
Foreign currency translation adjustment	(6,650)	5,470	10,637	67,749
Retirement liability adjustment	2,059	2,028	5,910	5,259
Change in accumulated loss on derivatives	—	201	518	3,200
Other comprehensive income (loss), net of tax	(4,591)	7,699	17,065	76,208
Comprehensive income	$ 51,769	$ 50,086	$ 181,240	$ 207,624

See accompanying Notes to Consolidated Condensed Financial Statements.

MOOG Inc.

Consolidated Condensed Balance Sheets
(Unaudited)

(dollars in thousands)	June 29, 2024	September 30, 2023
ASSETS		
Current assets		
Cash and cash equivalents	$ 50,572	$ 68,959
Restricted cash	946	185
Receivables, net	452,967	434,723
Unbilled receivables	766,445	706,601
Inventories, net	831,377	724,002
Prepaid expenses and other current assets	70,081	50,862
Total current assets	2,172,388	1,985,332
Property, plant and equipment, net	886,013	814,696
Operating lease right-of-use assets	57,669	56,067
Goodwill	827,319	821,301
Intangible assets, net	66,422	71,637
Deferred income taxes	9,050	8,749
Other assets	48,887	50,254
Total assets	$ 4,067,748	$ 3,808,036
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 266,294	$ 264,573
Accrued compensation	98,981	111,154
Contract advances and progress billings	353,496	377,977
Accrued liabilities and other	269,633	211,769
Total current liabilities	988,404	965,473
Long-term debt, excluding current installments	958,127	863,092
Long-term pension and retirement obligations	160,635	157,455
Deferred income taxes	13,668	37,626
Other long-term liabilities	153,122	148,303
Total liabilities	2,273,956	2,171,949
Shareholders' equity		
Common stock - Class A	43,835	43,822
Common stock - Class B	7,445	7,458
Additional paid-in capital	726,656	608,270
Retained earnings	2,634,633	2,496,979
Treasury shares	(1,073,027)	(1,057,938)
Stock Employee Compensation Trust	(167,757)	(114,769)
Supplemental Retirement Plan Trust	(140,449)	(93,126)
Accumulated other comprehensive loss	(237,544)	(254,609)
Total shareholders' equity	1,793,792	1,636,087
Total liabilities and shareholders' equity	$ 4,067,748	$ 3,808,036

See accompanying Notes to Consolidated Condensed Financial Statements.

MOOG Inc.

Consolidated Condensed Statements of Shareholders' Equity
(Unaudited)

	Three Months Ended		Nine Months Ended	
(dollars in thousands)	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
COMMON STOCK				
Beginning and end of period	$ 51,280	$ 51,280	$ 51,280	$ 51,280
ADDITIONAL PAID-IN CAPITAL				
Beginning of period	702,272	576,506	608,270	516,123
Issuance of treasury shares	(127)	3,312	6,159	7,627
Equity-based compensation expense	3,316	1,726	8,952	6,297
Adjustment to market - SECT and SERP	21,195	12,478	103,275	63,975
End of period	726,656	594,022	726,656	594,022
RETAINED EARNINGS				
Beginning of period	2,587,222	2,432,225	2,496,979	2,360,055
Net earnings	56,360	42,387	164,175	131,416
Dividends [1]	(8,949)	(8,600)	(26,521)	(25,459)
End of period	2,634,633	2,466,012	2,634,633	2,466,012
TREASURY SHARES AT COST				
Beginning of period	(1,071,558)	(1,056,187)	(1,057,938)	(1,047,012)
Class A and B shares issued related to compensation	125	305	6,743	9,312
Class A and B shares purchased	(1,594)	(2,676)	(21,832)	(20,858)
End of period	(1,073,027)	(1,058,558)	(1,073,027)	(1,058,558)
STOCK EMPLOYEE COMPENSATION TRUST ("SECT")				
Beginning of period	(153,295)	(99,880)	(114,769)	(73,602)
Issuance of shares	882	68	16,670	9,863
Purchase of shares	(4,889)	(2,814)	(13,706)	(10,035)
Adjustment to market	(10,455)	(7,133)	(55,952)	(35,985)
End of period	(167,757)	(109,759)	(167,757)	(109,759)
SUPPLEMENTAL RETIREMENT PLAN ("SERP") TRUST				
Beginning of period	(129,709)	(81,634)	(93,126)	(58,989)
Adjustment to market	(10,740)	(5,345)	(47,323)	(27,990)
End of period	(140,449)	(86,979)	(140,449)	(86,979)
ACCUMULATED OTHER COMPREHENSIVE LOSS				
Beginning of period	(232,953)	(242,533)	(254,609)	(311,042)
Other comprehensive income (loss)	(4,591)	7,699	17,065	76,208
End of period	(237,544)	(234,834)	(237,544)	(234,834)
TOTAL SHAREHOLDERS’ EQUITY	$ 1,793,792	$ 1,621,184	$ 1,793,792	$ 1,621,184

See accompanying Notes to Consolidated Condensed Financial Statements.

[1] Cash dividends were $0.28 and $0.83 per share for the three and nine months ended June 29, 2024 and $0.27 and $0.80 per share for three and nine months ended July 1, 2023.

MOOG Inc.

Consolidated Condensed Statements of Shareholders’ Equity, Shares
(Unaudited)

(share data)	Three Months Ended June 29, 2024	Three Months Ended July 1, 2023	Nine Months Ended June 29, 2024	Nine Months Ended July 1, 2023
COMMON STOCK - CLASS A				
Beginning of period	43,826,350	43,806,835	43,822,344	43,806,835
Conversion of Class B to Class A	8,122	604	12,128	604
End of period	43,834,472	43,807,439	43,834,472	43,807,439
COMMON STOCK - CLASS B				
Beginning of period	7,453,363	7,472,878	7,457,369	7,472,878
Conversion of Class B to Class A	(8,122)	(604)	(12,128)	(604)
End of period	7,445,241	7,472,274	7,445,241	7,472,274
TREASURY SHARES - CLASS A COMMON STOCK				
Beginning of period	(14,645,847)	(14,663,116)	(14,657,897)	(14,614,444)
Class A shares issued related to compensation	2,285	3,130	22,670	44,749
Class A shares purchased	(993)	(1,130)	(9,328)	(91,421)
End of period	(14,644,555)	(14,661,116)	(14,644,555)	(14,661,116)
TREASURY SHARES - CLASS B COMMON STOCK				
Beginning of period	(2,865,801)	(2,946,838)	(2,896,845)	(3,020,291)
Class B shares issued related to compensation	8,688	41,192	177,153	243,723
Class B shares purchased	(8,688)	(27,787)	(146,109)	(156,865)
End of period	(2,865,801)	(2,933,433)	(2,865,801)	(2,933,433)
SECT - CLASS A COMMON STOCK				
Beginning and end of period	(425,148)	(425,148)	(425,148)	(425,148)
SECT - CLASS B COMMON STOCK				
Beginning of period	(544,075)	(577,327)	(592,128)	(611,942)
Issuance of shares	5,325	680	116,770	113,105
Purchase of shares	(29,662)	(28,023)	(93,054)	(105,833)
End of period	(568,412)	(604,670)	(568,412)	(604,670)
SERP - CLASS B COMMON STOCK				
Beginning and end of period	(826,170)	(826,170)	(826,170)	(826,170)

See accompanying Notes to Consolidated Condensed Financial Statements.

MOOG Inc.

Consolidated Condensed Statements of Cash Flows
(Unaudited)

(dollars in thousands)	Nine Months Ended June 29, 2024	Nine Months Ended July 1, 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	$ 164,175	$ 131,416
Adjustments to reconcile net earnings to net cash provided (used) by operating activities:		
Depreciation	64,302	56,780
Amortization	7,677	8,725
Deferred income taxes	(26,483)	(26,680)
Equity-based compensation expense	11,301	8,121
Gain on sale of buildings	—	(10,030)
Asset impairment and inventory write-down	8,637	1,654
Other	5,374	5,083
Changes in assets and liabilities providing (using) cash:		
Receivables	(18,677)	(62,439)
Unbilled receivables	(57,723)	(100,820)
Inventories	(105,629)	(102,782)
Accounts payable	918	8,514
Contract advances and progress billings	(26,882)	65,746
Accrued expenses	36,928	(30,697)
Accrued income taxes	9,832	21,568
Net pension and post retirement liabilities	8,783	11,199
Other assets and liabilities	(35,978)	(2,455)
Net cash provided (used) by operating activities	46,555	(17,097)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of businesses, net of cash acquired	(5,911)	—
Purchase of property, plant and equipment	(109,616)	(125,074)
Net proceeds from businesses sold	1,627	959
Net proceeds from buildings sold	—	19,702
Other investing transactions	(646)	(9,482)
Net cash used by investing activities	(114,546)	(113,895)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from revolving lines of credit	784,500	711,732
Payments on revolving lines of credit	(691,000)	(536,826)
Payments on long-term debt	—	(219)
Payments on finance lease obligations	(4,468)	(3,449)
Payment of dividends	(26,521)	(25,459)
Proceeds from sale of treasury stock	7,579	12,765
Purchase of outstanding shares for treasury	(21,832)	(23,133)
Proceeds from sale of stock held by SECT	16,670	9,863
Purchase of stock held by SECT	(14,296)	(10,035)
Other financing transactions	—	(2,026)
Net cash provided by financing activities	50,632	133,213
Effect of exchange rate changes on cash	(267)	3,950
Increase (decrease) in cash, cash equivalents and restricted cash	(17,626)	6,171
Cash, cash equivalents and restricted cash at beginning of period	69,144	119,233
Cash, cash equivalents and restricted cash at end of period	$ 51,518	$ 125,404
SUPPLEMENTAL CASH FLOW INFORMATION		
Treasury shares issued as compensation	$ 5,323	$ 4,174
Assets acquired through lease financing	27,034	56,683

See accompanying Notes to Consolidated Condensed Financial Statements.

MOOG Inc.

Notes to Consolidated Condensed Financial Statements
Nine Months Ended June 29, 2024
(Unaudited)
(dollars in thousands, except per share data)

Note 1 - Basis of Presentation

The accompanying unaudited consolidated condensed financial statements have been prepared by management in accordance with U.S. generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. In the opinion of management, all adjustments consisting of normal recurring adjustments considered necessary for the fair presentation of results for the interim period have been included. The results of operations for the three and nine months ended June 29, 2024 are not necessarily indicative of the results expected for the full year. The accompanying unaudited consolidated condensed financial statements should be read in conjunction with the financial statements and notes thereto included in our Form 10-K for the fiscal year ended September 30, 2023. All references to years in these financial statements are to fiscal years.

Effective October 1, 2023, we made changes to our segment reporting structure that resulted in four reporting segments. Our former Aircraft Controls segment has been separated into Military Aircraft and Commercial Aircraft. The Goodwill, Restructuring and Segment footnotes have been restated to reflect this change.

Recent Accounting Pronouncements Adopted

There have been no new accounting pronouncements adopted for the nine months ended June 29, 2024.

Recent Accounting Pronouncements Not Yet Adopted

Standard	Description	Financial Statement Effect or Other Significant Matters
ASU no. 2023-07 *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*	This standard requires disclosure of significant segment expenses that are regularly provided to the chief operating decision maker (“CODM”) and included within each reported measure of segment profit or loss. The amendments also require disclosure of all other segment items by reportable segment and a description of its composition. Additionally, the amendments require disclosure of the title and position of the CODM and an explanation of how the CODM uses the reported measures of segment profit or loss in assessing segment performance and deciding how to allocate resources. The provisions of the standard are effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The amendment requires retrospective application to all prior periods presented in the financial statements.	We are currently reviewing the guidance and evaluating the impact on our financial statements and related disclosures. Planned date of adoption: FY 2025
ASU no. 2023-09 *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*	This standard expands annual income tax disclosures to require specific categories in the rate reconciliation table to be disclosed using both percentages and reporting currency amounts and requires additional information for reconciling items that meet a quantitative threshold. Additionally, the amendment requires disclosure of income taxes paid by jurisdiction. The provisions of the standard are effective for annual periods beginning after December 15, 2024. Early adoption is permitted. The amendments should be applied on a prospective basis. Retrospective application is permitted.	We are currently reviewing the guidance and evaluating the impact on our financial statements and related disclosures. Planned date of adoption: FY 2026

We consider the applicability and impact of all Accounting Standard Updates ("ASU"). ASUs not listed above were assessed and determined to be either not applicable, or had or are expected to have an immaterial impact on our financial statements and related disclosures.

Note 2 - Revenue from Contracts with Customers

We recognize revenue from contracts with customers using the five-step model prescribed in ASC 606. The first step is identifying the contract. The identification of a contract with a customer requires an assessment of each party’s rights and obligations regarding the products or services to be transferred, including an evaluation of termination clauses and presently enforceable rights and obligations. Each party’s rights and obligations and the associated terms and conditions are typically determined in purchase orders. For sales that are governed by master supply agreements under which provisions define specific program requirements, purchase orders are issued under these agreements to reflect presently enforceable rights and obligations for the units of products and services being purchased.

Contracts are sometimes modified to account for changes in contract specifications and requirements. When this occurs, we assess the modification as prescribed in ASC 606 and determine whether the existing contract needs to be modified (and revenue cumulatively caught up), whether the existing contract needs to be terminated and a new contract needs to be created, or whether the existing contract remains and a new contract needs to be created. This is determined based on the rights and obligations within the modification as well as the associated transaction price.

The next step is identifying the performance obligations. A performance obligation is a promise to transfer goods or services to a customer that is distinct in the context of the contract, as defined by ASC 606. We identify a performance obligation for each promise in a contract to transfer a distinct good or service to the customer. As part of our assessment, we consider all goods and/or services promised in the contract, regardless of whether they are explicitly stated or implied by customary business practices. The products and services in our contracts are typically not distinct from one another due to their complexity and reliance on each other or, in many cases, we provide a significant integration service. Accordingly, many of our contracts are accounted for as one performance obligation. In limited cases, our contracts have more than one distinct performance obligation, which occurs when we perform activities that are not highly complex or interrelated or involve different product life cycles. Warranties are provided on certain contracts, but do not typically provide for services beyond standard assurances and are therefore not distinct performance obligations under ASC 606.

The third step is determining the transaction price, which represents the amount of consideration we expect to be entitled to receive from a customer in exchange for providing the goods or services. There are times when this consideration is variable, for example a volume discount, and must be estimated. Sales, use, value-added, and excise taxes are excluded from the transaction price, where applicable.

The fourth step is allocating the transaction price. The transaction price must be allocated to the performance obligations identified in the contract based on relative stand-alone selling prices when available, or an estimate for each distinct good or service in the contract when standalone prices are not available. Our contracts with customers generally require payment under normal commercial terms after delivery. Payment terms are typically within 30 to 60 days of delivery. The timing of satisfaction of our performance obligations does not significantly vary from the typical timing of payment.

The final step is the recognition of revenue. We recognize revenue as the performance obligations are satisfied. ASC 606 provides guidance to help determine if we are satisfying the performance obligation at a point in time or over time. In determining when performance obligations are satisfied, we consider factors such as contract terms, payment terms and whether there is an alternative use of the product or service. In essence, we recognize revenue when, or as control of, the promised goods or services transfer to the customer.

Revenue is recognized using either the over time or point in time method. The over-time method of revenue recognition is predominantly used in Space and Defense, Military Aircraft and Commercial Aircraft. We use this method for U.S. Government contracts and repair and overhaul arrangements as we are creating or enhancing assets that the customer controls as the assets are being created or enhanced. In addition, many of our large commercial contracts qualify for over-time accounting as our performance does not create an asset with an alternative use and we have an enforceable right to payment for performance completed to date. Our over-time contracts are primarily firm fixed price.

Revenue recognized at the point in time control is transferred to the customer is used most frequently in Industrial. We use this method for commercial contracts in which the asset being created has an alternative use. We determine the point in time control transfers to the customer by weighing the five indicators provided by ASC 606 - the entity has a present right to payment; the customer has legal title; the customer has physical possession; the customer has significant risks and rewards of ownership; and the customer has accepted the asset. When control has transferred to the customer, profit is generated as cost of sales is recorded and as revenue is recognized. Inventory costs include all product manufacturing costs such as direct material, direct labor, other direct costs and indirect overhead cost allocations. Shipping and handling costs are considered costs to fulfill a contract and not considered performance obligations. They are included in cost of sales as incurred.

Revenue is recognized over time on contracts using the cost-to-cost method of accounting as work progresses toward completion as determined by the ratio of cumulative costs incurred to date to estimated total contract costs at completion, multiplied by the total estimated contract revenue, less cumulative revenue recognized in prior periods. We believe that cumulative costs incurred to date as a percentage of estimated total contract costs at completion is an appropriate measure of progress toward satisfaction of performance obligations as this measure most accurately depicts the progress of our work and transfer of control to our customers. Changes in estimates affecting sales, costs and profits are recognized in the period in which the change becomes known using the cumulative catch-up method of accounting, resulting in the cumulative effect of changes reflected in the period. Estimates are reviewed and updated quarterly for substantially all contracts. For the three and nine months ended June 29, 2024 we recognized lower revenue of $10,565 and $8,181 respectively, for adjustments made to performance obligations satisfied (or partially satisfied) in previous periods. For the three and nine months ended July 1, 2023 we recognized lower revenue of $5,114 and $7,180, respectively, for adjustments made to performance obligations satisfied (or partially satisfied) in previous periods.

Contract costs include only allocable, allowable and reasonable costs which are included in cost of sales when incurred. For applicable U.S. Government contracts, contract costs are determined in accordance with the Federal Acquisition Regulations and the related Cost Accounting Standards. The nature of these costs includes development engineering costs and product manufacturing costs such as direct material, direct labor, other direct costs and indirect overhead costs. Contract profit is recorded as a result of the revenue recognized less costs incurred in any reporting period. Variable consideration and contract modifications, such as performance incentives, penalties, contract claims or change orders are considered in estimating revenues, costs and profits when they can be reliably estimated and realization is considered probable. Revenue recognized on contracts for unresolved claims or unapproved contract change orders was not material for the three and nine months ended June 29, 2024.

As of June 29, 2024, we had contract reserves of $67,707. For contracts with anticipated losses at completion, a provision for the entire amount of the estimated remaining loss is charged against income in the period in which the loss becomes known. Contract losses are determined considering all direct and indirect contract costs, exclusive of any selling, general or administrative cost allocations that are treated as period expenses. Loss reserves are more common on firm fixed-price contracts that involve, to varying degrees, the design and development of new and unique controls or control systems to meet the customers’ specifications. We calculate contract losses at the contract level, versus the performance obligation level. Recall reserves are recorded when additional work is needed on completed products for them to meet contract specifications. Contract-related loss reserves are recorded for the additional work needed on completed and delivered products in order for them to meet contract specifications.

Contract Assets and Liabilities

Unbilled receivables (contract assets) primarily represent revenues recognized for performance obligations that have been satisfied but for which amounts have not been billed. Unbilled receivables are classified as current assets and in accordance with industry practice, include amounts that may be billed and collected beyond one year due to the long term nature of our contracts.

Contract advances and progress billings (contract liabilities) relate to payments received from customers in advance of the satisfaction of performance obligations for a contract (contract advances) and when billings are in excess of revenue recognized (progress billings). These amounts are recorded as contract liabilities until such obligations are satisfied, either over-time as costs are incurred or at a point when deliveries are made. We do not consider contract advances and progress billings to be significant financing components as the intent of these payments in advance are for reasons other than providing a significant financing benefit and are customary in our industry.

For contracts recognized using the cost-to-cost method, the amount of unbilled receivables or contract advances and progress billings is determined for each contract to determine the contract asset or contract liability position at the end of each reporting period.

Total contract assets and contract liabilities are as follows:

	June 29, 2024	September 30, 2023
Unbilled receivables	$ 766,445	$ 706,601
Contract advances and progress billings	353,496	377,977
Net contract assets	$ 412,949	$ 328,624

The net increase in contract assets reflects the impact of additional unbilled revenues and a decrease in contract advances and progress billings during the period. For the three and nine months ended June 29, 2024, we recognized $71,811 and $215,019 of revenue, that was included in the contract liability balance at the beginning of the year.

Remaining Performance Obligations

As of June 29, 2024, the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) was $5,000,000. We expect to recognize approximately 50% of that amount as sales over the next twelve months and the balance thereafter.

Disaggregation of Revenue

See Note 20 - Segments, for disclosures related to disaggregation of revenue.

Note 3 - Acquisitions and Divestitures

Acquisitions

On October 20, 2023, we acquired Data Collection Limited ("DCL") based in Auckland, New Zealand for a purchase price, net of acquired cash, of $5,911. DCL specializes in manufacturing and operating pavement surveying equipment and providing innovative solutions for measuring and managing pavements. This operation is included in our Military Aircraft segment.

Divestitures

On September 30, 2022, we sold a sonar business based in the United Kingdom previously included in our Industrial segment. We have cumulatively received net proceeds of $14,702 and recorded a loss of $15,246, net of transaction costs.

On December 3, 2021, we sold the assets of our Navigation Aids ("NAVAIDS") business based in Salt Lake City, Utah previously included in our Military Aircraft segment to Thales USA Inc. We have cumulatively received net proceeds of $36,550 and recorded a gain of $15,242, net of transaction costs. The transaction is subject to adjustments associated with amounts currently held in escrow.

Note 4 - Receivables

Receivables consist of:

	June 29, 2024	September 30, 2023
Accounts receivable	$ 420,837	$ 426,804
Other	35,154	11,929
Less allowance for credit losses	(3,024)	(4,010)
Receivables, net	$ 452,967	$ 434,723

During the nine months ended June 29, 2024, we recorded a write-down of $1,152 associated with the U.S. Army announcement cancelling the next generation Future Attack Reconnaissance Aircraft ("FARA") program.

On December 13, 2023, Moog Receivables LLC (the "Receivables Subsidiary"), a wholly owned bankruptcy remote special purpose subsidiary of Moog Inc. (the "Company"), as seller, the Company, as master servicer, Wells Fargo Bank, N.A., as administrative agent (the "Agent") and certain purchasers (collectively, the "Purchasers") entered into the Third Amendment to the Amended and Restated Receivables Purchase Agreement (the "RPA"). The RPA amendment increased the capacity from $100,000 to $125,000 and extended the maturity date from November 4, 2024 to December 11, 2026. The RPA is subject to customary termination events related to transactions of this type.

Under the RPA, the Receivables Subsidiary may sell receivables to the Purchasers in amounts up to a $125,000 limit. The receivables will be sold to the Purchasers in consideration for the Purchasers making payments of cash, which is referred to as "capital" for purposes of the RPA, to the Receivables Subsidiary in accordance with the terms of the RPA. The Receivables Subsidiary may sell receivables to the Purchasers so long as certain conditions are satisfied, including that, at any date of determination, the aggregate capital paid to the Receivables Subsidiary does not exceed a "capital coverage amount," equal to an adjusted net receivables pool balance minus a required reserve. Each Purchaser's share of capital accrues yield at a variable rate plus an applicable margin.

The parties intend that the conveyance of receivables to the Agent, for the ratable benefit of the Purchasers will constitute a purchase and sale of receivables and not a pledge for security. The Receivables Subsidiary has guaranteed to each Purchaser and Agent the prompt payment of sold receivables, and to secure the prompt payment and performance of such guaranteed obligations, the Receivables Subsidiary has granted a security interest to the Agent, for the benefit of the Purchasers, in all assets of the Receivables Subsidiary. The assets of the Receivables Subsidiary are not available to pay our creditors or any affiliate thereof. In our capacity as master servicer under the RPA, we are responsible for administering and collecting receivables and have made customary representations, warranties, covenants and indemnities. We also provided a performance guarantee for the benefit of the Purchaser.

The proceeds of the RPA are classified as operating activities in our Consolidated Condensed Statements of Cash Flows. Cash received from collections of sold receivables is used by the Receivables Subsidiary to fund additional purchases of receivables on a revolving basis or to return all or any portion of outstanding capital of the Purchaser. Subsequent collections on the pledged receivables, which have not been sold, will be classified as operating cash flows at the time of collection. Total receivables sold under the RPA were $177,916 and $501,522 for the three and nine months ended June 29, 2024, respectively. Total cash collections under the RPA were $177,916 and $476,522 for the three and nine months ended June 29, 2024, respectively. The fair value of the sold receivables approximated book value due to their credit quality and short-term nature, and as a result, no gain or loss on sale of receivables was recorded.

As of June 29, 2024, the amount sold to the Purchasers was $125,000, which was derecognized from the Consolidated Condensed Balance Sheets. As collateral against sold receivables, the Receivables Subsidiary maintains a certain level of unsold receivables, which was $645,261 at June 29, 2024.

The allowance for credit losses is based on our assessment of the collectability of customer accounts. The allowance is determined by considering factors such as historical experience, credit quality, age of the accounts receivable, current economic conditions and reasonable forecasted financial information that may affect a customer’s ability to pay.

Note 5 - Inventories

Inventories, net of reserves, consist of:

	June 29, 2024	September 30, 2023
Raw materials and purchased parts	$ 298,352	$ 270,305
Work in progress	441,810	368,277
Finished goods	91,215	85,420
Inventories, net	$ 831,377	$ 724,002

There are no material inventoried costs relating to over-time contracts where revenue is accounted for using the cost-to-cost method of accounting as of June 29, 2024 and September 30, 2023.

For the three and nine months ended June 29, 2024, we recorded $1,600 and $1,775 of write-downs, respectively. During the three months ended June 29, 2024, we recorded $1,600 as a result of excess and obsolete inventories related to restructuring actions taken to close an Industrial facility and transfer remaining production.

Note 6 - Property, Plant and Equipment

Property, plant and equipment consists of:

	June 29, 2024	September 30, 2023
Land	$ 31,431	$ 31,417
Buildings and improvements	690,241	646,079
Machinery and equipment	869,530	827,257
Computer equipment and software	227,366	228,284
Property, plant and equipment, at cost	1,818,568	1,733,037
Less accumulated depreciation and amortization	(932,555)	(918,341)
Property, plant and equipment, net	$ 886,013	$ 814,696

Note 7 - Leases

We lease certain manufacturing facilities, office space and machinery and equipment globally. At inception, we evaluate whether a contractual arrangement contains a lease. Specifically, we consider whether we control the underlying asset and have the right to obtain substantially all the economic benefits or outputs from the asset. If the contractual arrangement contains a lease, we then determine the classification of the lease, operating or finance, using the classification criteria described in ASC 842. We then determine the term of the lease based on terms and conditions of the contractual arrangement, including whether the options to extend or terminate the lease are reasonably certain to be exercised. We have elected to not separate lease components from non-lease components, such as common area maintenance charges and instead, account for the lease and non-lease components as a single component.

Our lease right-of-use ("ROU") assets represent our right to use an underlying asset for the lease term and our lease liabilities represent our obligation to make lease payments. Operating lease ROU assets are included in Operating lease right-of-use assets and operating lease liabilities are included in Accrued liabilities and other and Other long-term liabilities on the Consolidated Condensed Balance Sheets. Finance lease ROU assets are included in Property, plant and equipment and finance lease liabilities are included in Accrued liabilities and other, and Other long-term liabilities on the Consolidated Condensed Balance Sheets. Operating lease cost is included in Cost of sales and Selling, general and administrative on the Consolidated Condensed Statements of Earnings. Finance lease cost is included in Cost of sales, Selling, general and administrative and Interest on the Consolidated Condensed Statements of Earnings.

The ROU assets and lease liabilities for both operating and finance leases are recognized as of the commencement date at the net present value of the fixed minimum lease payments over the term of the lease, using the discount rate described below. Variable lease payments are recorded in the period in which the obligation for the payment is incurred. Variable lease payments based on an index or rate are initially measured using the index or rate as of the commencement date of the lease and included in the fixed minimum lease payments. For short-term leases that have a term of 12 months or less as of the commencement date, we do not recognize a ROU asset or lease liability on our balance sheet; we recognize expense as the lease payments are made over the lease term.

The discount rate used to calculate the present value of our leases is the rate implicit in the lease. If the information necessary to determine the rate implicit in the lease is not available, we use our incremental borrowing rate for collateralized debt, which is determined using our credit rating and other information available as of the lease commencement date.

The components of lease expense were as follows:

	Three Months Ended		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Operating lease cost	$ 7,897	$ 7,386	$ 23,112	$ 22,341
Finance lease cost:				
Amortization of right-of-use assets	$ 2,365	$ 1,471	$ 6,263	$ 3,589
Interest on lease liabilities	1,421	959	3,988	1,750
Total finance lease cost	$ 3,786	$ 2,430	$ 10,251	$ 5,339

Supplemental cash flow information related to leases was as follows:

	Nine Months Ended	
	June 29, 2024	July 1, 2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flow for operating leases	$ 23,631	$ 22,523
Operating cash flow for finance leases	3,988	1,750
Financing cash flow for finance leases	4,468	3,449
Assets obtained in exchange for lease obligations:		
Operating leases	$ 10,125	$ 4,857
Finance leases	16,909	51,826

Supplemental balance sheet information related to leases was as follows:

	June 29, 2024	September 30, 2023
Operating Leases:		
Operating lease right-of-use assets	$ 57,669	$ 56,067
Accrued liabilities and other	$ 11,807	$ 11,283
Other long-term liabilities	56,741	56,398
Total operating lease liabilities	$ 68,548	$ 67,681
Finance Leases:		
Property, plant, and equipment, at cost	$ 104,083	$ 85,324
Accumulated depreciation	(17,582)	(10,913)
Property, plant, and equipment, net	$ 86,501	$ 74,411
Accrued liabilities and other	$ 7,828	$ 5,621
Other long-term liabilities	82,945	71,225
Total finance lease liabilities	$ 90,773	$ 76,846
Weighted average remaining lease term in years:		
Operating leases	6.3	6.9
Finance leases	20.7	23.1
Weighted average discount rates:		
Operating leases	5.2 %	5.0 %
Finance leases	6.5 %	6.5 %

Maturities of lease liabilities were as follows:

	June 29, 2024	
	Operating Leases	Finance Leases
2024	$ 3,945	$ 3,243
2025	14,795	12,798
2026	14,214	12,516
2027	12,795	11,763
2028	10,452	10,766
Thereafter	24,902	146,993
Total lease payments	81,103	198,079
Less: imputed interest	(12,555)	(107,306)
Total	$ 68,548	$ 90,773

Note 8 - Goodwill and Intangible Assets

Effective October 1, 2023, we made a change to our reporting structure to separate our former Aircraft Controls operating segment into two operating segments, Military Aircraft and Commercial Aircraft, which also represent reporting units for purposes of assessing goodwill. We performed an impairment test consistent with the rules set forth under ASC 350, “Intangibles—Goodwill and Other,” by performing a quantitative analysis on the former reporting unit. Following this test, we reassigned the goodwill from the former Aircraft Controls reporting unit to its new reporting units using a relative fair value allocation approach. We then performed quantitative goodwill impairment tests on each of the new reporting units. Quantitative testing requires a comparison of the fair value of a reporting unit to its carrying value. We principally use the discounted cash flow method to estimate the fair value of a reporting unit. The discounted cash flow method incorporates various assumptions, the most significant being projected cash flows (inclusive of projected revenue growth rates and operating margins), the terminal growth rate and the discount rate. Management projects revenue growth rates, operating margins and cash flows based on each reporting unit's current business, expected developments and operational strategies typically over a five-year period. If the carrying value of the reporting unit exceeds its fair value, goodwill is considered impaired and an impairment loss must be measured. The results of our quantitative assessments showed the fair value of the two new reporting units, Military Aircraft and Commercial Aircraft, exceeded their carrying value; and therefore, goodwill was not impaired.

The changes in the carrying amount of goodwill are as follows:

	Space and Defense	Military Aircraft	Commercial Aircraft	Industrial	Total
Balance at September 30, 2023	$ 259,475	$ 111,276	$ 92,612	$ 357,938	$ 821,301
Acquisition	—	2,739	—	—	2,739
Foreign currency translation	29	1,858	—	1,392	3,279
Balance at June 29, 2024	$ 259,504	$ 115,873	$ 92,612	$ 359,330	$ 827,319

Goodwill in our Space and Defense segment is net of a $4,800 accumulated impairment loss at June 29, 2024. Goodwill in our Medical Devices reporting unit, included in our Industrial segment, is net of a $38,200 accumulated impairment loss at June 29, 2024.

The components of intangible assets are as follows:

		June 29, 2024		September 30, 2023	
	Weighted-Average Life (years)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer-related	11	$ 130,286	$ (94,104)	$ 133,269	$ (93,648)
Technology-related	9	67,374	(55,006)	69,242	(56,106)
Program-related	23	38,363	(23,485)	37,465	(21,672)
Marketing-related	8	21,896	(19,104)	21,890	(18,995)
Other	10	1,808	(1,606)	1,773	(1,581)
Intangible assets	12	$ 259,727	$ (193,305)	$ 263,639	$ (192,002)

All acquired intangible assets other than goodwill are being amortized. Customer-related intangible assets primarily consist of customer relationships. Technology-related intangible assets primarily consist of technology, patents, intellectual property and software. Program-related intangible assets consist of long-term programs represented by current contracts and probable follow on work. Marketing-related intangible assets primarily consist of trademarks and trade names.

During the three months ended March 30, 2024, we initiated restructuring actions in conjunction with exiting a product line within our Military Aircraft segment, which included the write off of intangible assets. We have recorded this charge based on the expected cash flows over the remaining life of the assets and is included in Restructuring in the Consolidated Condensed Statement of Earnings. See Note 14 – Restructuring, for additional disclosures.

Amortization of acquired intangible assets is as follows:

	Three Months Ended		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Acquired intangible asset amortization	$ 2,384	$ 2,859	$ 7,672	$ 8,711

Based on acquired intangible assets recorded at June 29, 2024, amortization is estimated to be approximately:

	2024	2025	2026	2027	2028
Estimated future amortization of acquired intangible assets	$ 10,100	$ 9,600	$ 9,500	$ 8,200	$ 7,500

Note 9 - Equity Method Investments and Joint Ventures

Investments and operating results in which we do not have a controlling interest, however we do have the ability to exercise significant influence over operations, are accounted for using the equity method of accounting. Net investment balances for equity method investments and joint ventures are included as Other assets in the Consolidated Condensed Balance Sheets and consist of:

	June 29, 2024	September 30, 2023
Moog Aircraft Service Asia	$ 1,568	$ 1,302
NOVI LLC	—	325
Suffolk Technologies Fund 1, L.P.	1,840	1,180
Net investment balance	$ 3,408	$ 2,807

We recorded the following gains and losses from equity method investments and joint ventures which are included in Other in the Consolidated Condensed Statements of Earnings:

	Three Months Ended		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net gain (loss)				
Equity method investments and joint ventures	$ 52	$ 44	$ (219)	$ 72

Moog Aircraft Services Asia ("MASA") is a joint venture included in our Commercial Aircraft segment in which we currently hold a 51% ownership share. MASA is intended to provide maintenance, repair and overhaul services for our manufactured flight control systems.

We continued to divest our interest in NOVI LLC, which is included in our Space and Defense segment. Our ownership is now below the threshold for equity accounting and as such is now recorded at fair value.

Suffolk Technologies Fund 1, L.P., is a limited partnership included in our Industrial segment that invests in startups to transform the construction, real estate and property maintenance industries in the U.S. We have a remaining on-call capital commitment of up to $5,808.

Hybrid Motion Solutions (“HMS”) is a joint venture in our Industrial segment in which we hold a 50% ownership interest. HMS specializes in hydrostatic servo drives and leverages synergies to enter new markets. The joint venture focuses on research and development, design and assembly as well as service. Our share of cumulative losses to date has exceeded our initial investment, and as such, we had no net investment balance recorded as of June 29, 2024.

Investments in, and the operating results of, entities in which we do not have a controlling financial interest or the ability to exercise significant influence over the operations are accounted for at historical cost or fair value using readily determinable financial information. As of June 29, 2024, we had investments of $4,580, which are included as Other assets in the Consolidated Condensed Balance Sheets. During the three months ended March 30, 2024, we recorded an impairment for the devaluation of an investment of $5,294, which is included as Asset impairment in the Consolidated Condensed Statement of Earnings.

Note 10 - Indebtedness

We maintain short-term line of credit facilities with banks throughout the world that are principally demand lines subject to revision by the banks.

Long-term debt consists of:

	June 29, 2024	September 30, 2023
U.S. revolving credit facility	$ 459,000	$ 334,500
SECT revolving credit facility	2,000	33,000
Senior notes 4.25%	500,000	500,000
Senior debt	961,000	867,500
Less deferred debt issuance cost	(2,873)	(4,408)
Long-term debt	$ 958,127	$ 863,092

Our U.S. revolving credit facility, which matures on October 27, 2027, has a capacity of $1,100,000 and provides an expansion option, which permits us to request an increase of up to $400,000 to the credit facility upon satisfaction of certain conditions. Interest on the majority of our outstanding borrowings is principally based on SOFR plus the applicable margin. The credit facility is secured by substantially all of our U.S. assets. The loan agreement contains various covenants which, among others, specify interest coverage and maximum leverage. We are in compliance with all covenants.

The SECT has a revolving credit facility with a borrowing capacity of $35,000, maturing on October 26, 2025. Interest is based on SOFR plus an applicable margin. A commitment fee is also charged based on a percentage of the unused amounts available and is not material.

We have $500,000 aggregate principal amount of 4.25% senior notes due December 15, 2027 with interest paid semiannually on June 15 and December 15 of each year. The senior notes are unsecured obligations, guaranteed on a senior unsecured basis by certain subsidiaries and contain normal incurrence-based covenants and limitations such as the ability to incur additional indebtedness, pay dividends, make other restricted payments and investments, create liens and certain corporate acts such as mergers and consolidations. We are in compliance with all covenants.

Note 11 - Other Accrued Liabilities

Other accrued liabilities consists of:

	June 29, 2024	September 30, 2023
Employee benefits	$ 56,746	$ 47,653
Contract reserves	67,707	45,257
Warranty accrual	22,705	22,939
Accrued income taxes	36,607	29,631
Other	85,868	66,289
Other accrued liabilities	$ 269,633	$ 211,769

In the ordinary course of business, we warrant our products against defects in design, materials and workmanship typically over periods ranging from twelve to sixty months. We determine warranty reserves needed by product line based on historical experience and current facts and circumstances. Activity in the warranty accrual is summarized as follows:

	Three Months Ended		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Warranty accrual at beginning of period	$ 23,616	$ 22,062	$ 22,939	$ 23,072
Warranties issued during current period	402	2,279	5,692	7,231
Adjustments to pre-existing warranties	(837)	(15)	(1,518)	(458)
Reductions for settling warranties	(429)	(1,927)	(4,453)	(7,911)
Foreign currency translation	(47)	(51)	45	414
Warranty accrual at end of period	$ 22,705	$ 22,348	$ 22,705	$ 22,348

Note 12 - Derivative Financial Instruments

We principally use derivative financial instruments to manage foreign exchange risk related to foreign operations and foreign currency transactions and interest rate risk associated with long-term debt. We enter into derivative financial instruments with a number of major financial institutions to minimize counterparty credit risk.

Derivatives designated as hedging instruments

We use foreign currency contracts as cash flow hedges to effectively fix the exchange rates on future payments and revenue. As of June 29, 2024, we had no outstanding foreign currency contracts designated as hedging instruments.

We use forward currency contracts to hedge our net investment in certain foreign subsidiaries. As of June 29, 2024, we had no outstanding net investment hedges.

Interest rate swaps are used to adjust the proportion of total debt that is subject to variable and fixed interest rates. The interest rate swaps are designated as hedges of the amount of future cash flows related to interest payments on variable-rate debt that, in combination with the interest payments on the debt, convert a portion of the variable-rate debt to fixed-rate debt. At June 29, 2024, we had no outstanding interest rate swaps.

Foreign currency contracts, net investment hedges and interest rate swaps are recorded in the Consolidated Condensed Balance Sheets at fair value and the related gains or losses are deferred in Shareholders’ Equity as a component of Accumulated Other Comprehensive Income (Loss) ("AOCIL"). These deferred gains and losses are reclassified into the Consolidated Condensed Statements of Earnings, as necessary, during the periods in which the related payments or receipts affect earnings. However, to the extent the foreign currency contracts and interest rate swaps are not perfectly effective in offsetting the change in the value of the payments and revenue being hedged, the ineffective portion of these contracts is recognized in earnings immediately. Ineffectiveness was not material in the first nine months of 2024 or 2023.

Derivatives not designated as hedging instruments

We also have foreign currency exposure on balances, primarily intercompany, that are denominated in a foreign currency and are adjusted to current values using period-end exchange rates. The resulting gains or losses are recorded in the Consolidated Condensed Statements of Earnings. To minimize foreign currency exposure, we have foreign currency contracts with notional amounts of $151,065 at June 29, 2024. The foreign currency contracts are recorded in the Consolidated Condensed Balance Sheets at fair value and resulting gains or losses are recorded in the Consolidated Condensed Statements of Earnings. We recorded the following gains and losses on foreign currency contracts which are included in other income or expense and generally offset the gains or losses from the foreign currency adjustments on the intercompany balances that are also included in other income or expense:

		Three Months Ended		Nine Months Ended	
	Statements of Earnings location	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net gain (loss)					
Foreign currency contracts	Other	$ (2,542)	$ 1,151	$ (1,009)	$ 4,256

Summary of derivatives

The fair value and classification of derivatives is summarized as follows:

	Balance Sheets location	June 29, 2024	September 30, 2023
Derivatives designated as hedging instruments:			
Foreign currency contracts	Other current assets	$ —	$ 295
Foreign currency contracts	Accrued liabilities and other	$ —	$ 581
Derivatives not designated as hedging instruments:			
Foreign currency contracts	Other current assets	$ 64	$ 93
Foreign currency contracts	Accrued liabilities and other	$ 401	$ 324

Note 13 - Fair Value

Fair value is defined as 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. Depending on the nature of the asset or liability, various techniques and assumptions can be used to estimate fair value. The definition of the fair value hierarchy is as follows:

Level 1 – Quoted prices in active markets for identical assets and liabilities.

Level 2 – Observable inputs other than quoted prices in active markets for similar assets and liabilities.

Level 3 – Inputs for which significant valuation assumptions are unobservable in a market and therefore value is based on the best available data, some of which is internally developed and considers risk premiums that a market participant would require.

Our derivatives are valued using various pricing models or discounted cash flow analyses that incorporate observable market data, such as interest rate yield curves and currency rates, and are classified as Level 2 within the valuation hierarchy.

The following table presents the fair values and classification of our financial assets and liabilities measured on a recurring basis, all of which are classified as Level 2, except for the acquisition contingent consideration, which is classified as Level 3:

	Balance Sheets location	June 29, 2024	September 30, 2023
Foreign currency contracts	Other current assets	$ 64	$ 388
	Total assets	$ 64	$ 388
Foreign currency contracts	Accrued liabilities and other	$ 401	$ 905
Acquisition contingent consideration	Accrued liabilities and other	3,339	—
Acquisition contingent consideration	Other long-term liabilities	—	3,089
	Total liabilities	$ 3,740	$ 3,994

The changes in financial liabilities classified as Level 3 within the fair value hierarchy are as follows:

	Three Months Ended		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Balance at beginning of period	$ 3,256	$ 2,954	$ 3,089	$ 3,272
Acquisition adjustment	—	—	—	(491)
Increase in discounted future cash flows recorded as interest expense	83	52	250	225
Balance at end of period	$ 3,339	$ 3,006	$ 3,339	$ 3,006

Our only financial instrument for which the carrying value differs from its fair value is long-term debt. At June 29, 2024, the fair value of long-term debt was $932,465 compared to its carrying value of $961,000. The fair value of long-term debt is classified as Level 2 within the fair value hierarchy and was estimated based on quoted market prices.

Certain property, plant and equipment and other assets have been measured at fair values on a nonrecurring basis using future discounted cash flows and other observable inputs (Level 3) and are not included in the fair value tables above.

Note 14 - Restructuring

In 2024, we initiated restructuring actions in relation to portfolio shaping activities in our Military Aircraft, Commercial Aircraft and Industrial segments. These actions have and will result in workforce reductions, principally in the U.S. The 2024 restructuring charges include $4,717 for severance, $795 of non-cash charges related to intangibles and receivables written off and $3,121 of other costs. These actions contain certain elements that will continue through 2025 and are expected to result in additional costs of approximately $2,000.

In 2023, we initiated restructuring actions in relation to portfolio shaping activities which contains certain elements, primarily retention agreements, that will continue through 2027 and are expected to result in additional costs of approximately $8,000.

Restructuring activity for severance and other costs by segment and reconciliation to consolidated amounts is as follows:

	Space and Defense	Military Aircraft	Commercial Aircraft	Industrial	Total
Balance at October 1, 2023	$ 1,622	$ 347	$ —	$ 8,208	$ 10,177
Charged to expense - 2024 plan	—	3,628	408	4,597	8,633
Charged to expense - 2023 plan	—	—	—	4,162	4,162
Adjustments to provision	(178)	(129)	—	(43)	(350)
Non-cash charges - 2024 plan	—	(733)	—	(62)	(795)
Cash payments - 2024 plan	—	(1,590)	—	(1,491)	(3,081)
Cash payments - 2023 plan	(1,444)	(207)	—	(3,709)	(5,360)
Cash payments - 2022 plan	—	—	—	(378)	(378)
Cash payments - 2020 plan	—	—	—	(115)	(115)
Cash payments - 2018 plan	—	—	—	(348)	(348)
Foreign currency translation	—	—	—	59	59
Balance at June 29, 2024	$ —	$ 1,316	$ 408	$ 10,880	$ 12,604

As of June 29, 2024, the restructuring accrual consists of $4,751 for the 2024 plan, $4,616 for the 2023 plan, $292 for the 2022 plan, $2,033 for the 2020 plan and $912 for the 2018 plan. Restructuring is expected to be paid within a year, except portions classified as long-term liabilities based on the nature of the reserve.

Note 15 - Employee Benefit Plans

Pension expense for our defined contribution plans consists of:

	Three Months Ended		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
U.S. defined contribution plans	$ 13,094	$ 11,791	$ 38,456	$ 33,979
Non-U.S. defined contribution plans	2,350	2,336	7,301	6,448
Total expense for defined contribution plans	$ 15,444	$ 14,127	$ 45,757	$ 40,427

Net periodic benefit costs for our defined benefit pension plans are as follows:

	Three Months Ended		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
U.S. Plans				
Service cost	$ 2,694	$ 3,229	$ 8,081	$ 9,685
Interest cost	6,973	7,028	20,919	21,084
Expected return on plan assets	(6,817)	(7,148)	(20,450)	(21,442)
Amortization of actuarial loss	3,072	3,363	9,216	10,087
Expense for U.S. defined benefit plans	$ 5,922	$ 6,472	$ 17,766	$ 19,414
Non-U.S. Plans				
Service cost	$ 645	$ 666	$ 1,948	$ 1,974
Interest cost	1,422	1,374	4,272	4,031
Expected return on plan assets	(1,098)	(1,070)	(3,301)	(3,144)
Amortization of prior service cost	14	14	42	41
Amortization of actuarial loss	52	102	156	297
Expense for non-U.S. defined benefit plans	$ 1,035	$ 1,086	$ 3,117	$ 3,199

Note 16 - Income Taxes

The effective tax rate for the three and nine months ended June 29, 2024 was 20.5% and 22.7%, respectively. The effective tax rate for the three and nine months ended July 1, 2023 was 15.8% and 21.3%, respectively. The effective tax rate for the three months ended June 29, 2024 and July 1, 2023 was lower than expected from applying the U.S. federal statutory tax rate of 21% to earnings before income taxes due to beneficial provision to return adjustments, primarily associated with an increase in the U.S. research and development tax credit, partially offset by tax on earnings generated outside the U.S. with higher statutory rates. The effective tax rate for the nine months ended June 29, 2024 was higher than expected from applying the U.S. federal statutory tax rate of 21% to earnings before income taxes due to tax on earnings generated outside the U.S.with higher statutory rates.

Note 17 - Accumulated Other Comprehensive Income (Loss)

The changes in AOCIL, net of tax, by component for the nine months ended June 29, 2024 are as follows:

	Accumulated foreign currency translation	Accumulated retirement liability	Accumulated gain (loss) on derivatives	Total
AOCIL at September 30, 2023	$ (140,486)	$ (113,605)	$ (518)	$ (254,609)
OCI before reclassifications	10,647	(224)	69	10,492
Amounts reclassified from AOCIL	(10)	6,134	449	6,573
OCI, net of tax	10,637	5,910	518	17,065
AOCIL at June 29, 2024	$ (129,849)	$ (107,695)	$ —	$ (237,544)

Net gains and losses on net investment hedges are recorded in Accumulated foreign currency translation to the extent that the instruments are effective in hedging the designated risk.

The amounts reclassified from AOCIL into earnings are as follows:

	Statements of Earnings location	Three Months Ended		Nine Months Ended	
		June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Retirement liability:					
Prior service cost		$ 14	$ 14	$ 42	$ 41
Actuarial losses		2,659	2,884	7,977	8,643
Reclassification from AOCIL into earnings		2,673	2,898	8,019	8,684
Tax effect		(628)	(680)	(1,885)	(2,037)
Net reclassification from AOCIL into earnings		$ 2,045	$ 2,218	$ 6,134	$ 6,647
Derivatives:					
Foreign currency contracts	Sales	$ —	$ —	$ —	$ 517
Foreign currency contracts	Cost of sales	—	399	588	2,072
Reclassification from AOCIL into earnings		—	399	588	2,589
Tax effect		—	(94)	(139)	(587)
Net reclassification from AOCIL into earnings		$ —	$ 305	$ 449	$ 2,002

Reclassification from AOCIL into earnings for the Retirement liability are included in the computation of non-service pension expense, which is included in Other on the Consolidated Condensed Statement of Earnings.

The effective portion of amounts deferred in AOCIL are as follows:

	Three Months Ended		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Foreign currency contracts	$ —	$ (136)	$ 90	$ 1,551
Net gain (loss)	—	(136)	90	1,551
Tax effect	—	32	(21)	(353)
Net deferral in AOCIL of derivatives	$ —	$ (104)	$ 69	$ 1,198

Note 18 - Stock Employee Compensation Trust and Supplemental Retirement Plan Trust

The SECT assists in administering and provides funding for equity-based compensation plans and benefit programs, including the Moog Inc. Retirement Savings Plan ("RSP"), RSP(+) and the Employee Stock Purchase Plan ("ESPP"). The SERP Trust provides funding for benefits under the SERP provisions of the Moog Inc. Plan to Equalize Retirement Income and Supplemental Retirement Income. Both the SECT and the SERP Trust hold Moog shares as investments. The shares in the SECT and SERP Trust are not considered outstanding for purposes of calculating earnings per share. However, in accordance with the trust agreements governing the SECT and SERP Trust, the trustees vote all shares held by the SECT and SERP Trust on all matters submitted to shareholders.

Note 19 - Earnings per Share

Basic and diluted weighted-average shares outstanding, as well as shares considered to be anti-dilutive, are as follows:

	Three Months Ended		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Basic weighted-average shares outstanding	31,960,165	31,838,961	31,943,365	31,811,034
Dilutive effect of equity-based awards	449,205	228,430	399,335	184,306
Diluted weighted-average shares outstanding	32,409,370	32,067,391	32,342,700	31,995,340
Anti-dilutive shares from equity-based awards	—	4,540	1,547	9,897

Note 20 - Segments

Disaggregation of net sales by segment for the three and nine months ended June 29, 2024 and July 1, 2023 are as follows:

	Three Months Ended		Nine Months Ended	
Market Type	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net sales:				
Space	$ 108,965	$ 102,520	$ 322,272	$ 310,278
Defense	149,444	139,882	433,052	395,762
Space and Defense	258,409	242,402	755,324	706,040
Original Equipment Manufacturers	160,691	132,020	455,673	403,489
Aftermarket	46,486	44,197	140,248	133,281
Military Aircraft	207,177	176,217	595,921	536,770
Original Equipment Manufacturers	132,374	118,447	402,357	310,108
Aftermarket	56,991	60,361	188,824	165,410
Commercial Aircraft	189,365	178,808	591,181	475,518
Energy	37,168	30,667	104,442	91,217
Industrial Automation	109,100	124,400	341,474	361,056
Simulation and Test	40,019	36,668	115,577	89,758
Medical	63,497	61,014	187,969	186,712
Industrial	249,784	252,749	749,462	728,743
Net sales	$ 904,735	$ 850,176	$ 2,691,888	$ 2,447,071

Customer Type	Three Months Ended June 29, 2024	Three Months Ended July 1, 2023	Nine Months Ended June 29, 2024	Nine Months Ended July 1, 2023
Net sales:				
Commercial	$ 49,916	$ 28,334	$ 129,253	$ 82,123
U.S. Government (including OEM)	178,636	192,897	553,261	574,914
Other	29,857	21,171	72,810	49,003
Space and Defense	258,409	242,402	755,324	706,040
U.S. Government (including OEM)	148,928	108,509	424,539	372,353
Other	58,249	67,708	171,382	164,417
Military Aircraft [1]	207,177	176,217	595,921	536,770
Commercial	179,384	158,927	564,612	452,184
Other	9,981	19,881	26,569	23,334
Commercial Aircraft [1]	189,365	178,808	591,181	475,518
Commercial	244,834	249,849	737,028	715,878
U.S. Government (including OEM)	3,226	1,301	8,150	3,419
Other	1,724	1,599	4,284	9,446
Industrial	249,784	252,749	749,462	728,743
Commercial	474,134	437,110	1,430,893	1,250,185
U.S. Government (including OEM)	330,790	302,707	985,950	950,686
Other	99,811	110,359	275,045	246,200
Net sales	$ 904,735	$ 850,176	$ 2,691,888	$ 2,447,071

[1] Prior period amounts have been recast to conform with the current presentation of certain customers between Commercial and Other as a result of the separation of our former Aircraft Controls segment into Military Aircraft and Commercial Aircraft.

Revenue Recognition Method	Three Months Ended June 29, 2024	Three Months Ended July 1, 2023	Nine Months Ended June 29, 2024	Nine Months Ended July 1, 2023
Net sales:				
Over-time	$ 226,405	$ 228,164	$ 679,231	$ 659,327
Point in time	32,004	14,238	76,093	46,713
Space and Defense	258,409	242,402	755,324	706,040
Over-time	168,248	153,667	482,163	446,752
Point in time	38,929	22,550	113,758	90,018
Military Aircraft	207,177	176,217	595,921	536,770
Over-time	149,220	122,018	449,230	352,264
Point in time	40,145	56,790	141,951	123,254
Commercial Aircraft	189,365	178,808	591,181	475,518
Over-time	40,894	38,814	107,405	99,732
Point in time	208,890	213,935	642,057	629,011
Industrial	249,784	252,749	749,462	728,743
Over-time	584,767	542,663	1,718,029	1,558,075
Point in time	319,968	307,513	973,859	888,996
Net sales	$ 904,735	$ 850,176	$ 2,691,888	$ 2,447,071

Operating profit is net sales less cost of sales and other operating expenses, excluding interest expense, equity-based compensation expense, non-service pension expense and other corporate expenses. Cost of sales and other operating expenses are directly identifiable to the respective segment or allocated on the basis of sales, headcount or profit. Operating profit by segment for the three and nine months ended June 29, 2024 and July 1, 2023 and a reconciliation of segment operating profit to earnings before income taxes are as follows:

	Three Months Ended		Nine Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Operating profit:				
Space and Defense	$ 32,635	$ 18,585	$ 100,175	$ 66,386
Military Aircraft	23,965	18,143	60,323	49,525
Commercial Aircraft	24,367	19,745	69,838	49,943
Industrial	24,413	28,035	81,592	89,183
Total operating profit	105,380	84,508	311,928	255,037
Deductions from operating profit:				
Interest expense	18,153	17,256	52,850	45,351
Equity-based compensation expense	4,089	2,356	11,301	8,121
Non-service pension expense	3,188	3,124	9,566	9,338
Corporate and other expenses, net	9,045	11,434	25,946	25,284
Earnings before income taxes	$ 70,905	$ 50,338	$ 212,265	$ 166,943

Effective October 1, 2023, we made changes to our segment reporting structure that resulted in four reporting segments. Our former Aircraft Controls segment has been separated into Military Aircraft and Commercial Aircraft. All amounts in the preceding tables have been restated to reflect this change. Segment assets for Military and Commercial Aircraft were approximately $871,000 and $812,000, respectively, as of September 30, 2023.

Note 21 - Related Party Transactions

John Scannell, Moog's Non-Executive Chairman of the Board of Directors, was a member of the Board of Directors of M&T Bank Corporation and M&T Bank through April 16, 2024. We currently engage with M&T Bank in the ordinary course of business for financing routine purchases and lease transactions, which for the three and nine months ended June 29, 2024 totaled $3,408 and $9,937, respectively. Financing and lease transactions for the three and nine months ended July 1, 2023 totaled $3,354 and $10,408, respectively. At June 29, 2024, we held outstanding leases with a total remaining obligation of $14,803. At June 29, 2024, outstanding deposits on our behalf for future equipment leases totaled $5,026. M&T Bank also maintains an interest of approximately 12% in our U.S. revolving credit facility. Further details of the U.S. revolving credit facility can be found in Note 10 - Indebtedness. Wilmington Trust, a subsidiary of M&T Bank, is the trustee of the pension assets for our qualified U.S. defined benefit plan.

Note 22 - Commitments and Contingencies

From time to time, we are involved in legal proceedings. We are not a party to any pending legal proceedings which management believes will result in a material adverse effect on our financial condition, results of operations or cash flows.

We are engaged in administrative proceedings with governmental agencies and legal proceedings with governmental agencies and other third parties in the normal course of our business, including litigation under Superfund laws, regarding environmental matters. We believe that adequate reserves have been established for our share of the estimated cost for all currently pending environmental administrative or legal proceedings and do not expect that these environmental matters will have a material adverse effect on our financial condition, results of operations or cash flows.

In the ordinary course of business we could be subject to ongoing claims or disputes from our customers, the ultimate settlement of which could have a material adverse impact on our consolidated results of operations. While the receivables and any loss provisions recorded to date reflect management's best estimate of the projected costs to complete a given project, there is still significant effort required to complete the ultimate deliverable. Future variability in internal cost and future profitability is dependent upon a number of factors including deliveries, performance and government budgetary pressures. The inability to achieve a satisfactory contractual solution, further unplanned delays, additional developmental cost growth or variations in any of the estimates used in the existing contract analysis could lead to further loss provisions. Additional losses could have a material adverse impact on our financial condition, results of operations or cash flows in the period in which the loss may be recognized.

We are contingently liable for $15,058 related to standby letters of credit issued by banks to third parties on our behalf at June 29, 2024.

Note 23 - Subsequent Event

On August 1, 2024, we declared a $0.28 per share quarterly dividend payable on issued and outstanding shares of our Class A and Class B common stock on August 29, 2024 to shareholders of record at the close of business on August 16, 2024.

On July 24, 2024, we entered into a definitive agreement to sell our hydraulic systems business located in Luxembourg, which is included in our Industrial segment. This transaction is subject to customary closing conditions and is expected to close in the fourth quarter of 2024. We expect to recognize a pre-tax loss which will include the release of cumulative translation adjustments.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the Company's Annual Report filed on Form 10-K for the fiscal year ended September 30, 2023. In addition, the following should be read in conjunction with our Consolidated Financial Statements and Notes to Consolidated Condensed Financial Statements contained herein. All references to years in this Management's Discussion and Analysis of Financial Condition and Results of Operations are to fiscal years. Amounts may differ from reported values due to rounding.

OVERVIEW

We are a worldwide designer, manufacturer and systems integrator of high performance precision motion and fluid controls and control systems for a broad range of applications in aerospace and defense and industrial markets.

Within the aerospace and defense market, our products and systems include:
- Defense market - primary and secondary flight controls and components for military aircraft, turreted weapon systems, tactical and strategic missile steering controls and various defense product components.
- Commercial aircraft market - primary and secondary flight controls and components for commercial aircraft.
- Space market - satellite avionics, positioning controls and components, launcher thrust vector controls and components, as well as integrated space vehicles.

In the industrial market, our products are used in a wide range of applications including:
- Industrial market - various components and systems used in various applications including: heavy industrial machinery used for metal forming and pressing, flight simulation motion control systems, energy exploration and generation products, material and automotive structural and fatigue testing systems, as well as for the electrification of construction vehicles.
- Medical market - components and pumps for enteral clinical nutrition and infusion therapy, CT scan medical equipment, ultrasonic sensors and surgical handpieces and sleep apnea equipment.

We operate under four segments, Space and Defense, Military Aircraft, Commercial Aircraft and Industrial. Our principal manufacturing facilities are located in the United States, Philippines, United Kingdom, Germany, Italy, Costa Rica, China, Netherlands, Luxembourg, Japan, Czech Republic, Canada, India and Lithuania.

Under ASC 606, 65% of revenue was recognized over time for the three months ended June 29, 2024, using the cost-to-cost method of accounting. The over-time method of revenue recognition is predominantly used in Space and Defense, Military Aircraft and Commercial Aircraft. We use this method for U.S. Government contracts and repair and overhaul arrangements as we are creating or enhancing assets that the customer controls. In addition, many of our large commercial contracts qualify for over-time accounting as our performance does not create an asset with an alternative use and we have an enforceable right to payment for performance completed to date.

For the three months ended June 29, 2024, 35% of revenue was recognized at the point in time control transferred to the customer. This method of revenue recognition is used most frequently in Industrial. We use this method for commercial contracts in which the asset being created has an alternative use. We determine the point in time control transfers to the customer by weighing the five indicators provided by ASC 606. When control has transferred to the customer, profit is generated as cost of sales is recorded and as revenue is recognized.

Our products and technologies affect the lives of millions of people around the world. Our solutions are critical to preserving national security, ensuring safe air transportation, reducing factory emissions and enhancing patient's lives all while driving innovation. Our engineers collaboratively design and manufacture the most advanced motion control products, to the highest quality standards, for use in demanding applications. By capitalizing on these core foundational strengths, we believe we have achieved a leadership position in the high performance, precision controls market and are "Shaping The Way Our World Moves™."

By leveraging our engineering heritage and by focusing on customer intimacy to solve our customers' most demanding technical problems, we have been able to expand our control product franchise to multiple markets; organically growing from a high-performance components manufacturer to a high-performance systems designer, manufacturer and integrator. In addition, we continue to expand our content positions on our current platforms, seeking to be the leading supplier in the niche markets we serve. We also look for innovation in all aspects of our business, employing new technologies to improve productivity, while focusing on talent development to strengthen our employee operational performance.

Our fundamental long-term strategies that will help us achieve our financial objectives center around pricing and simplification initiatives. Our pricing initiatives focus on receiving recognition for the value we deliver to our customers across all of our markets. Our simplification initiatives include:

- utilizing 80/20 processes to unlock and capture value,
- shaping our product and business portfolio to invest in growth areas and to divest those that no longer fit,
- rationalizing our footprint to align with current and future business levels,
- focusing our factories so that individual sites meet the unique needs of a specific market, and
- investing in automation and technologies to improve business operations.

We focus on improving shareholder value through strategic revenue growth, both organic and acquired, improving operating efficiencies and manufacturing initiatives and utilizing low cost manufacturing facilities without compromising quality. Historically, we have taken a balanced approach to capital deployment in order to maximize shareholder returns over the long term. These activities have included strategic acquisitions, share buybacks and dividend payments. Today, we believe we can create long term value for our shareholders by continuing to organically invest in areas of strong growth.

Acquisitions and Divestitures

Acquisitions

On October 20, 2023, we acquired Data Collection Limited ("DCL") based in Auckland, New Zealand for a purchase price, net of acquired cash, of $6 million. DCL specializes in manufacturing and operating pavement surveying equipment and providing innovative solutions for measuring and managing pavements. This operation is included in our Military Aircraft segment.

Divestitures

On September 30, 2022, we sold a sonar business based in the United Kingdom previously included in our Industrial segment. We have cumulatively received net proceeds of $15 million and recorded a loss of $15 million, net of transaction costs.

On December 3, 2021, we sold the assets of our Navigation Aids ("NAVAIDS") business based in Salt Lake City, Utah previously included in our Military Aircraft segment to Thales USA Inc. We have cumulatively received net proceeds of $37 million and recorded a gain of $15 million, net of transaction costs. The transaction is subject to adjustments associated with amounts currently held in escrow.

CRITICAL ACCOUNTING POLICIES

On a regular basis, we evaluate the critical accounting policies used to prepare our consolidated financial statements, including revenue recognition on long-term contracts, contract reserves, reserves for inventory valuation, reviews for impairment of goodwill, reviews for impairment of long-lived assets, pension assumptions and income taxes.

RECENT ACCOUNTING PRONOUNCEMENTS

See Note 1 - Basis of Presentation in the Consolidated Condensed Financial Statements included in Item 1, Financial Statements of this report for further information regarding Financial Accounting Standards Board issued ASUs.

CONSOLIDATED RESULTS OF OPERATIONS

(dollars and shares in millions, except per share data)	Three Months Ended				Nine Months Ended			
	June 29, 2024	July 1, 2023	$ Variance	% Variance	June 29, 2024	July 1, 2023	$ Variance	% Variance
Net sales	$ 905	$ 850	$ 55	6 %	$ 2,692	$ 2,447	$ 245	10 %
Gross margin	*27.8 %*	*26.2 %*			*27.9 %*	*26.5 %*		
Research and development expenses	28	27	1	5 %	87	77	10	13 %
Selling, general and administrative expenses as a percentage of sales	*14.0 %*	*14.3 %*			*13.7 %*	*14.4 %*		
Interest expense	18	17	1	5 %	53	45	7	17 %
Asset impairment	—	—	—	N/M	7	2	5	N/M
Restructuring expense	4	2	2	N/M	13	5	8	N/M
Gain on sale of buildings	—	—	—	N/M	—	(10)	10	N/M
Other	4	5	—	(8 %)	10	10	—	— %
Effective tax rate	*20.5 %*	*15.8 %*			*22.7 %*	*21.3 %*		
Net earnings	$ 56	$ 42	$ 14	33 %	$ 164	$ 131	$ 33	25 %
Diluted earnings per share	$ 1.74	$ 1.32	$ 0.42	32 %	$ 5.08	$ 4.11	$ 0.97	24 %
Twelve-month backlog					$ 2,450	$ 2,300	$ 150	7 %

Net sales increased in the third quarter and in the first three quarters of 2024 compared to the same periods of 2023, driven by product demand in Military Aircraft and Space and Defense, and by production ramps in Commercial Aircraft. Sales in Industrial decreased in the third quarter of 2024 but increased in the first three quarters of 2024 compared to the same periods of 2023.

Gross margin increased in the third quarter of 2024 compared to the third quarter of 2023, driven by improved performance on our space vehicle development programs in Space and Defense and a favorable sales mix in Commercial Aircraft. Gross margin also increased in the first three quarters of 2024 compared to the first three quarters of 2023. In the second quarter of 2024, we benefited $14 million from the Employee Retention Credit associated with the CARES Act. In addition, in the first three quarters of 2024, improved performance on our space vehicle development programs and the results of our pricing and simplification initiatives across all of our segments increased gross margin.

Research and development expenses were higher through the first three quarters of 2024 compared to the same periods of 2023. Activities supporting our new growth programs in Space and Defense and Industrial were partially offset by a reduction in Military Aircraft.

Selling, general and administrative expenses as a percentage of sales decreased in the third quarter and in the first three quarters of 2024 compared to the same periods of 2023, reflecting the higher sales volume.

Interest expense increased in the first three quarters of 2024 compared to the first three quarters of 2023 due to higher rates on outstanding debt balances, as well as higher debt balances.

In the third quarter of 2024, we incurred $6 million of restructuring charges, an inventory write-down and other charges, primarily in Industrial. In the third quarter of 2023, we incurred $2 million of restructuring and other charges. The first three quarters of 2024 included $22 million of restructuring charges, impairment charges, inventory write-downs and other charges, primarily in Military Aircraft and Industrial. The first three quarters of 2023 included the gain from the sale of three buildings in Industrial, partially offset by restructuring and other charges across all of our segments.

The effective tax rate in both third quarters of 2024 and 2023 benefited from favorable adjustments for tax credits associated with the prior years' tax returns. The effective tax rate was higher in the third quarter of 2024 compared to the third quarter of 2023, as the prior year's quarter included higher amounts of research and development tax credit benefits.

Twelve-month backlog increased in the third quarter of 2024 compared with the third quarter of 2023, driven by long-term orders that moved into twelve-month backlog across both space and defense programs. Also, we had higher OEM orders in both Military Aircraft and in Commercial Aircraft. Partially offsetting these increases was a decline in Industrial's twelve-month backlog due to lower orders in our industrial automation market.

SEGMENT RESULTS OF OPERATIONS

Operating profit, as presented below, is net sales less cost of sales and other operating expenses, excluding interest expense, equity-based compensation expense, non-service pension expense and other corporate expenses. Cost of sales and other operating expenses are directly identifiable to the respective segment or allocated on the basis of sales, headcount or profit. Operating profit is reconciled to earnings before income taxes in Note 20 - Segments in the Notes to Consolidated Condensed Financial Statements included in this report.

Space and Defense

	Three Months Ended				Nine Months Ended			
(dollars in millions)	June 29, 2024	July 1, 2023	$ Variance	% Variance	June 29, 2024	July 1, 2023	$ Variance	% Variance
Net sales	$ 258	$ 242	$ 16	7 %	$ 755	$ 706	$ 49	7 %
Operating profit	$ 33	$ 19	$ 14	76 %	$ 100	$ 66	$ 34	51 %
Operating margin	*12.6 %*	*7.7 %*			*13.3 %*	*9.4 %*		

Space and Defense net sales increased in the third quarter and in the first three quarters of 2024 compared to the same periods of 2023, driven primarily by higher demand for defense applications.

In the third quarter of 2024, sales increased $10 million in our defense programs and $6 million in our space programs. Within our defense market, higher U.S. demand for our component products and the ramp of new defense pursuits serving European needs increased sales. Within our space market, the production ramp of a launch vehicle program increased sales.

The sales increases in the first three quarters of 2024 compared to the first three quarters of 2023 were largely due to the same factors as the third quarter. The continued strong defense application demand across most of our programs increased sales $37 million in our defense programs. Also, sales increased $12 million in our space programs. Higher demand for launch vehicle and satellite components was partially offset by lower activity across our space vehicle programs.

Operating margin increased in the third quarter of 2024 compared to the third quarter of 2023, driven by improved performance on space vehicle development programs, partially offset by pursuit investments to capture once-in-a-generation programs. Operating margin increased in the first three quarters of 2024 compared to the first three quarters of 2023 driven by improved performance on space vehicle development programs and the benefit associated with the Employee Retention Credit in the second quarter of 2024.

Military Aircraft

	Three Months Ended				Nine Months Ended			
(dollars in millions)	June 29, 2024	July 1, 2023	$ Variance	% Variance	June 29, 2024	July 1, 2023	$ Variance	% Variance
Net sales	$ 207	$ 176	$ 31	18 %	$ 596	$ 537	$ 59	11 %
Operating profit	$ 24	$ 18	$ 6	32 %	$ 60	$ 50	$ 11	22 %
Operating margin	*11.6 %*	*10.3 %*			*10.1 %*	*9.2 %*		

Military Aircraft net sales increased in the third quarter and in the first three quarters of 2024 compared to the same periods of 2023, driven by growth on development and production aircraft.

In the third quarter of 2024 compared to the third quarter of 2023, military OEM sales increased $29 million due to the ramp-up of activity on the FLRAA program and other OEM production programs. Also in the third quarter of 2024 compared to the third quarter of 2023, military aftermarket sales increased $2 million.

The sales increases in the first three quarters of 2024 compared to the first three quarters of 2023 were largely due to the same factors as the third quarter. Sales increased $52 million in military OEM programs and increased $7 million in military aftermarket programs.

Operating margin increased in the third quarter of 2024 compared to the third quarter of 2023, driven by improved cost absorption on the FLRAA program and a reduction in research and development expenses. Operating margin increased in the first three quarters of 2024 compared to the first three quarters of 2023 due to the same factors as the third quarter, as well as the benefit from the sale of a mature product line. Partially offsetting these benefits in the first three quarters of 2024 included asset impairments of $6 million and restructuring and other charges of $5 million. The first three quarters of 2023 included $1 million of asset impairments. Excluding these charges, adjusted operating margins in the first three quarters of 2024 and 2023 were 12.0% and 9.5%, respectively.

Commercial Aircraft

	Three Months Ended				Nine Months Ended			
(dollars in millions)	June 29, 2024	July 1, 2023	$ Variance	% Variance	June 29, 2024	July 1, 2023	$ Variance	% Variance
Net sales	$ 189	$ 179	$ 11	6 %	$ 591	$ 476	$ 116	24 %
Operating profit	$ 24	$ 20	$ 5	23 %	$ 70	$ 50	$ 20	40 %
Operating margin	*12.9 %*	*11.0 %*			*11.8 %*	*10.5 %*		

Commercial Aircraft net sales increased in the third quarter and in the first three quarters of 2024 compared to the same periods of 2023.

Commercial aircraft sales increased in the third quarter of 2024 compared to the third quarter of 2023. The increase reflects growth in our widebody business.

In the first three quarters of 2024 compared to the first three quarters of 2023, commercial OEM sales increased $92 million and commercial aftermarket sales increased $23 million. We experienced growth from production ramps on widebody and other programs.

Operating margin increased in the third quarter of 2024 compared to the third quarter of 2023 due to benefits from our pricing initiatives, higher sales volumes, as well as a more favorable sales mix. Operating margin increased in the first three quarters of 2024 compared to the first three quarters of 2023 due largely to the same factors as the third quarter. Partially offsetting the increases is the absence of favorable aftermarket retrofit activity from last year.

Industrial

	Three Months Ended				Nine Months Ended			
(dollars in millions)	June 29, 2024	July 1, 2023	$ Variance	% Variance	June 29, 2024	July 1, 2023	$ Variance	% Variance
Net sales	$ 250	$ 253	$ (3)	(1 %)	$ 749	$ 729	$ 21	3 %
Operating profit	$ 24	$ 28	$ (4)	(13 %)	$ 82	$ 89	$ (8)	(9 %)
Operating margin	*9.8 %*	*11.1 %*			*10.9 %*	*12.2 %*		

Industrial net sales decreased slightly in the third quarter of 2024 compared to the third quarter of 2023, as weaker industrial automation sales were mostly offset by growth in our other markets. Net sales increased in the first three quarters of 2024 compared to the first three quarters of 2023, as growth in our other markets exceeded the decrease in our industrial automation market.

In the third quarter of 2024 compared to the third quarter of 2023, industrial automation sales decreased $15 million, reflecting the slowdown in orders we have seen in recent quarters. Partially offsetting the decrease were sales increases of $7 million in our energy market and $3 million in our simulation and test market, both due to higher demand for our products.

In the first three quarters of 2024 compared to the first three quarters of 2023, sales increased $26 million in our simulation and test market. Higher demand for our flight simulation systems, which support the increased pilot training demand, and for our test products drove the sales increase in this market. Sales also increased $13 million in our energy market. Partially offsetting the increases was a $20 million sales decrease in our industrial automation market, driven by the same factors in the third quarter of 2024.

Operating margin decreased in the third quarter of 2024 compared to the third quarter of 2023, driven by higher amounts of restructuring charges and an inventory write-down. Excluding restructuring charges of $3 million and an inventory write-down of $2 million in the third quarter of 2024, and excluding restructuring charges of $1 million in the third quarter of 2023, adjusted operating margins were 11.7% and 11.5%, respectively. The increase was attributable to benefits from pricing initiatives, offset by pressures associated with lower industrial automation sales and planned product transfers.

Operating margin decreased in the first three quarters of 2024 compared to the first three quarters of 2023, as last year included a $10 million gain related to the sales of three buildings. Excluding this gain and restructuring and other charges, adjusted operating margin in the first three quarters of 2023 was 11.4%. Adjusted operating margin in the first three quarters of 2024 was 12.3% after excluding $9 million of restructuring charges and a $2 million inventory write-down. The increase in adjusted operating margin was driven by the benefits from our pricing initiatives, as well as the Employee Retention Credit. These increases were moderated by lower industrial automation sales and planned product transfers.

CONSOLIDATED SEGMENT OUTLOOK

(dollars in millions, except per share data)	2024 Outlook	2023	2024 vs. 2023 $ Variance	2024 vs. 2023 % Variance
Net sales:				
Space and Defense	$ 1,010	$ 947	$ 63	7 %
Military Aircraft	790	720	70	10 %
Commercial Aircraft	785	669	116	17 %
Industrial	990	983	7	1 %
	$ 3,575	$ 3,319	$ 256	8 %
Operating profit:				
Space and Defense	$ 131	$ 96	$ 35	37 %
Military Aircraft	83	60	23	37 %
Commercial Aircraft	94	84	9	11 %
Industrial	113	102	11	11 %
	$ 421	$ 343	$ 78	23 %
Operating margin:				
Space and Defense	13.0 %	10.1 %		
Military Aircraft	10.5 %	8.4 %		
Commercial Aircraft	11.9 %	12.6 %		
Industrial	11.4 %	10.4 %		
	11.8 %	10.3 %		
Net earnings	$ 222	$ 171		
Diluted earnings per share	$ 6.85	$ 5.34		

2024 Outlook – We expect higher sales in 2024, driven by the continued growth in our aerospace and defense markets. We also expect operating margin will increase due to the continued benefits of our pricing and simplification initiatives, as well as the Employee Retention Credit. Partially offsetting the incremental profit is expected higher interest expense and a higher tax rate. Excluding the impairments, inventory write-downs and restructuring and other charges in the first three quarters of 2024, we expect adjusting operating margin will be 12.4% in 2024, compared to 10.9% in 2023. We expect adjusted diluted earnings per share will range between $7.30 and $7.50, with a midpoint of $7.40. Management believes that the adjusted outlook may be useful in evaluating the financial condition and results of operations of the Company.

2024 Outlook for Space and Defense – In 2024, we expect sales growth across both of our space and defense markets, primarily driven by the increased investment in defense spending in the U.S and in Europe. We expect operating margin will increase due to improved performance in our space vehicle development programs and the benefit of the Employee Retention Credit, partially offset by higher expenses associated with pursuit activity of new growth programs.

2024 Outlook for Military Aircraft – In 2024, we expect sales growth in our OEM programs, in particular sales for the FLRAA program. We expect operating margin will increase due to having a full year of activity on the FLRAA program, the benefit from the sale of a mature product line and the lower amounts of charges associated with funded development contracts, which are winding down. Partially offsetting the increase in operating margin are the higher amounts of impairment and restructuring charges in 2024 compared to 2023. Excluding the asset impairments and restructuring and other charges in both years, adjusted operating margin is expected to be 11.9% in 2024 compared to 9.0% in 2023.

2024 Outlook for Commercial Aircraft – In 2024, we expect sales growth from the production ramp of our widebody and other programs. We expect operating margin will decrease due to an unfavorable sales mix from higher amounts of lower margin OEM sales and as the prior year's favorable retrofit sales will not repeat. These decreases will partially be offset by the benefits from pricing initiatives and higher sales volumes.

2024 Outlook for Industrial – In 2024, we expect a slight sales increase. We expect sales increases in our simulation and test market and our energy market, both due to higher demand for our products. These increases will be partially offset by a decrease in sales in our industrial automation market consistent with the reduction in incoming orders. We expect operating margin will increase due to the benefits of our pricing initiatives and the benefit of the Employee Retention Credit, partially offset by an unfavorable sales mix and planned product transfers. Excluding gains on the sale of buildings and restructuring and other charges in 2023, as well as restructuring and inventory write-down charges in 2024, adjusted operating margin is expected to be 12.5% in 2024 compared to 11.5% in 2023.

LIQUIDITY AND CAPITAL RESOURCES

Consolidated Statement of Cash Flows

	Nine Months Ended		
(dollars in millions)	June 29, 2024	July 1, 2023	$ Variance
Net cash provided (used) by:			
Operating activities	$ 47	$ (17)	$ 64
Investing activities	(115)	(114)	(1)
Financing activities	51	133	(83)

Operating activities

Net cash from operating activities increased in the first three quarters of 2024 compared to the first three quarters of 2023, driven by the increase in net earnings. Also, unbilled receivables and accounts receivable used less cash. Partially offsetting these sources of cash was customer advances, which used cash as we worked down advances across Military Aircraft and Commercial Aircraft.

Investing activities

Net cash used by investing activities in the first three quarters of 2024 included $110 million of capital expenditures and $6 million associated with the acquisition of DCL.

Net cash used by investing activities in the first three quarters of 2023 included $125 million of capital expenditures, including a $28 million building purchase. The first three quarters of 2023 also included $21 million of proceeds from the sales of buildings and businesses.

Financing activities

Net cash provided by financing activities in the first three quarters of 2024 included $94 million of net borrowings on our credit facilities. Financing activities also included $27 million of cash dividends.

Net cash provided by financing activities in the first three quarters of 2023 included $175 million of net borrowings on our credit facilities. Additionally, financing activities used $25 million of cash for dividend payments and $10 million for share repurchases.

General

Cash flows from our operations, together with our various financing arrangements, fund on-going activities, debt service requirements, organic growth, acquisition opportunities and the ability to return capital to shareholders. We believe these sources of funding will be sufficient to meet our cash requirements for the next 12 months and for the foreseeable future thereafter.

At June 29, 2024, our cash balances were $52 million, which includes $47 million held outside of the U.S. by foreign operations. We regularly assess our cash needs, including repatriation of foreign earnings which may be subject to regulatory approvals and withholding taxes, where applicable by law.

Financing Arrangements

In addition to operations, our capital resources include bank credit facilities and an accounts receivable financing program to fund our short and long-term capital requirements. We continuously evaluate various forms of financing to improve our liquidity and position ourselves for future opportunities, which, from time to time, may result in selling debt and equity securities to fund acquisitions or take advantage of favorable market conditions.

We are generally not required to obtain the consent of lenders of the U.S. revolving credit facility before raising significant additional debt financing; however, certain limitations and conditions may apply that would require consent to be obtained. We have demonstrated our ability to secure consents to access debt markets. We have also been successful in accessing equity markets from time to time. We believe that we will be able to obtain additional debt or equity financing as needed.

In the normal course of business, we are exposed to interest rate risk from our long-term debt. To manage these risks, we may enter into derivative instruments such as interest rate swaps which are used to adjust the proportion of total debt that is subject to variable and fixed interest rates.

Our U.S. revolving credit facility, which matures on October 27, 2027, has a capacity of $1.1 billion and also provides an expansion option, which permits us to request an increase of up to $400 million to the credit facility upon satisfaction of certain conditions. The weighted-average interest rate on the majority of the outstanding credit facility borrowings was 6.92% and is principally based on SOFR plus the applicable margin, which was 1.60% at June 29, 2024.

The U.S. revolving credit facility contains various covenants. The minimum for the interest coverage ratio, defined as the ratio of EBITDA to interest expense for the most recent four quarters, is 3.0. The maximum for the leverage ratio, defined as the ratio of net debt to EBITDA for the most recent four quarters, is 4.0. EBITDA is defined in the loan agreement as (i) the sum of net income, interest expense, income taxes, depreciation expense, amortization expense, other non-cash items reducing consolidated net income and non-cash equity-based compensation expenses minus (ii) other non-cash items increasing consolidated net income.

The SECT has a revolving credit facility with a borrowing capacity of $35 million, maturing on October 26, 2025. Interest was 7.56% as of June 29, 2024 and is based on SOFR plus a margin of 2.23%.

We have $500 million aggregate principal amount of 4.25% senior notes due December 15, 2027 with interest paid semiannually on June 15 and December 15 of each year. The senior notes are unsecured obligations, guaranteed on a senior unsecured basis by certain subsidiaries and contain normal incurrence-based covenants and limitations such as the ability to incur additional indebtedness, pay dividends, make other restricted payments and investments, create liens and certain corporate acts such as mergers and consolidations.

At June 29, 2024, we had $670 million of unused capacity, including $637 million from the U.S. revolving credit facility after considering standby letters of credit and other limitations.

Our Receivables Purchase Agreement, which matures on December 11, 2026, allows the Receivables Subsidiary to sell receivables to the Purchasers in amounts up to a $125 million limit so long as certain conditions are satisfied. The receivables are sold to the Purchasers in consideration for the Purchasers making payments of cash. Each Purchaser’s share of capital accrues yield at a variable rate plus an applicable margin, which totaled 6.39% as of June 29, 2024.

We are in compliance with all covenants under each of our financing arrangements. See Note 4 - Receivables and Note 10 – Indebtedness, of Part I, Item 1, Financial Information of this report for additional details.

Dividends and Common Stock

We believe we can create long term value for our shareholders by continuing to invest in our business through both capital expenditures as well as investments in new market opportunities. We will also continue exploring opportunities to make strategic acquisitions and return capital to shareholders.

We are currently paying quarterly cash dividends on our Class A and Class B common stock and expect to continue to do so for the foreseeable future. See the Consolidated Condensed Statement of Shareholders Equity and Cash Flows, of Part I, Item 1, Financial Information, of this report for additional details.

The Board of Directors authorized a share repurchase program that permits repurchases for both Class A and Class B common stock, and allows us to buy up to an aggregate 3 million common shares. There are approximately 2.2 million common shares remaining under this authorization. See the Consolidated Condensed Statement of Shareholders Equity and Cash Flows, of Part I, Item 1, Financial Information and Part II, Item 2, Unregistered Sales of Equity Securities and Use of Proceeds, of this report for additional details.

Today, we believe we can create long term value for our shareholders by continuing to invest in our business through both capital expenditures as well as investments in new market opportunities. We will also continue exploring opportunities to make strategic acquisitions and return capital to shareholders.

Off Balance Sheet Arrangements

We do not have any material off balance sheet arrangements that have or are reasonably likely to have a material future effect on our financial condition, results of operations or cash flows.

Contractual Obligations and Commercial Commitments

Our contractual obligations and commercial commitments have not changed materially from the disclosures in our Annual Report on Form 10-K for the year ended September 30, 2023. See Note 7 - Leases, Note 10 - Indebtedness, Note 15 - Employee Benefit Plans and Note 22 - Commitments and Contingencies, of Part I, Item 1, Financial Information, of this report for additional details.

ECONOMIC CONDITIONS AND MARKET TRENDS

We operate within the aerospace and defense and industrial markets.

Our aerospace and defense businesses represented 70% of our 2023 sales. Within the defense market, our programs are directly affected by funding levels, which has recently increased. Our commercial aircraft market, which represented 20% of our 2023 sales, is aligning with our customers' growing demand. While domestic travel has recovered, global international travel remains slightly below pre-pandemic levels.

Within our industrial markets, which represented 30% of our 2023 sales, our programs benefited from increased order demand within industrial automation, simulation and test and energy markets.

A common factor throughout our markets is the continuing demand for technologically advanced products.

Aerospace and Defense

Within aerospace and defense, we serve three end markets: defense, commercial aircraft and space.

The defense market is dependent on military spending for development and production programs. We have a growing development program order book for future generation aircraft and turret programs, and we strive to embed our technologies within these high-performance military programs of the future, including the Textron Bell FLRAA. Aircraft production programs are typically long-term in nature, offering predictable capacity needs and future revenues. We maintain positions on numerous high priority programs, including the Lockheed Martin F-35 Lightning II. The large installed base of our products leads to attractive aftermarket sales and service opportunities. The tactical and strategic missile, missile defense and defense controls markets are dependent on many of the same market conditions as military aircraft, including overall military spending and program funding levels. At times when there are perceived threats to national security, U.S. and European defense spending can increase; at other times, defense spending can decrease. Future levels of defense spending have increased in the near-term given the current global tensions, and are subject to governmental approvals.

The commercial OEM aircraft market depends on a number of factors, including both the last decade's increasing global demand for air travel and increasing fuel prices. Both factors contributed to the demand for new, more fuel-efficient aircraft with lower operating costs that led to large production backlogs for Boeing and Airbus. Domestic air travel has recovered from the impact of the COVID-19 pandemic, and international travel utilizing primarily widebody aircraft is close to 2019 levels. Boeing and Airbus continue to increase their widebody aircraft production rates with the post-pandemic air traffic volumes, and any adjustments to their ramp schedules affects the demand for our flight control systems.

The commercial aftermarket is driven by usage and the age of the existing aircraft fleet for passenger and cargo aircraft, which drives the need for maintenance and repairs. We have seen a recovery in the demand volume for our maintenance services and spare parts after the COVID-19 pandemic. Since there were very few new A350 and 787 entries into service during the pandemic, our sales that are generated after the warranty period were delayed. However, the recent surge in demand for spares and repairs, driven by increased fleet utilization and the limited availability of new aircraft, is increasing our aftermarket activity.

The space market is comprised of three customer markets: the civil market, the U.S. Department of Defense market and the commercial space market. The civil market, namely NASA, is driven by investment for commercial and exploration activities, including NASA's return to the moon. The U.S. Department of Defense market is driven by governmental-authorized levels of defense spending, including funding for defense-related satellite technologies. Levels of U.S. defense spending could increase as there is growing emphasis on space as the next frontier of potential future conflicts. The commercial space market is driven by demand for small satellites, which offer new innovative space applications, including the support of broadband internet connectivity. Trends for this market, as well as for commercial launch vehicles, follow demand for increased capacity. Our launch vehicle and satellite components and systems, as well as our new space vehicle programs, will continue to benefit from increased investments in these markets.

Industrial

Within industrial, we serve two end markets: industrial and medical.The industrial market consists of industrial automation products, simulation and test products and energy generation and exploration products. The medical market consists of medical devices and medical components products.

The industrial market we serve with our industrial automation products is influenced by several factors including capital investment levels, the pace of product and technology innovation, economic conditions and cost-reduction efforts and are placed in customers' facilities that serve the automotive market.

Our simulation and test products operate in markets that were largely affected by the same factors and investment challenges as our commercial aircraft market. However, we have seen stronger order demand for flight simulation systems as the airline training market recovers in line with domestic and foreign flight hours.

Our energy generation and exploration products operate in a market that is influenced by changing oil and natural gas prices, global urbanization and the resulting change in supply and demand for global energy. Historically, drivers for global growth include investments in power generation infrastructure and exploration of new oil and gas resources.

The medical market we serve, in general, is influenced by economic conditions, regulatory environments, hospital and outpatient clinic spending on equipment, population demographics, medical advances, patient demands and the need for precision control components and systems. Advances in medical technology and treatments have resulted in the greater need for medical services, which drive the demand for our medical devices and components programs.

Foreign Currencies

We are affected by the movement of foreign currencies compared to the U.S. dollar. About one-sixth of our 2023 sales were denominated in foreign currencies. During the first nine months of 2024, average foreign currency rates generally strengthened against the U.S. dollar compared to 2023. The translation of the results of our foreign subsidiaries into U.S. dollars increased sales by $3 million compared to the same period one year ago.

Cautionary Statement

Information included or incorporated by reference in this report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which can be identified by words such as: “may,” “will,” “should,” “believes,” “expects,” “expected,” “intends,” “plans,” “projects,” “approximate,” “estimates,” “predicts,” “potential,” “outlook,” “forecast,” “anticipates,” “presume,” “assume” and other words and terms of similar meaning (including their negative counterparts or other various or comparable terminology). These forward-looking statements are made pursuant to the Private Securities Litigation Reform Act of 1995, are neither historical facts nor guarantees of future performance and are subject to several factors, risks and uncertainties, the impact or occurrence of which could cause actual results to differ materially from the expected results described in the forward-looking statements.

Although it is not possible to create a comprehensive list of all factors that may cause our actual results to differ from the results expressed or implied by our forward-looking statements or that may affect our future results, some of these factors and other risks and uncertainties are described in Item 1A “Risk Factors” of our Annual Report on Form 10-K and in our other periodic filings with the Securities and Exchange Commission (“SEC”) and include, but are not limited to, risks relating to: (i) our operation in highly competitive markets with competitors who may have greater resources than we possess; (ii) our operation in cyclical markets that are sensitive to domestic and foreign economic conditions and events; (iii) our heavy dependence on government contracts that may not be fully funded or may be terminated; (iv) supply chain constraints and inflationary impacts on prices for raw materials and components used in our products; (v) failure of our subcontractors or suppliers to perform their contractual obligations; and (vi) our accounting estimations for over-time contracts and any changes we need to make thereto. You should evaluate all forward-looking statements made in this report in the context of these risks and uncertainties.

While we believe we have identified and discussed in our SEC filings the material risks affecting our business, there may be additional factors, risks and uncertainties not currently known to us or that we currently consider immaterial that may affect the forward-looking statements we make herein. Given these factors, risks and uncertainties, investors should not place undue reliance on forward-looking statements as predictive of future results. Any forward-looking statement speaks only as of the date on which it is made, and we disclaim any obligation to update any forward-looking statement made in this report, except as required by applicable law.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Refer to the Company’s Annual Report on Form 10-K for the year ended September 30, 2023 for a complete discussion of our market risk. There have been no material changes in the current year regarding this market risk information.

Item 4. Controls and Procedures.

(a) Disclosure Controls and Procedures. We carried out an evaluation, under the supervision and with the participation of our management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Exchange Act Rules 13a-15(e) and 15d-15(e). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that these disclosure controls and procedures are effective as of June 29, 2024 to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

(b) Changes in Internal Control over Financial Reporting. There have been no changes during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

Item 1A. Risk Factors.

Refer to the Company's Annual Report on Form 10-K for the year ended September 30, 2023 for a complete discussion of our risk factors. There have been no material changes in the current year regarding our risk factors.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

(c) The following table summarizes our purchases of our common stock for the quarter ended June 29, 2024.

Period	(a) Total Number of Shares Purchased (1) (2)(3)		(b) Average Price Paid Per Share	(c) Total number of Shares Purchased as Part of Publicly Announced Plans or Programs (3)	(d) Maximum Number (or Approx. Dollar Value) of Shares that May Yet Be Purchased Under Plans or Programs (3)
March 31, 2024 - April 27, 2024	11,620	$	155.52	—	2,172,081
April 28, 2024 - June 1, 2024	19,747		167.99	—	2,172,081
June 2, 2024 - June 29, 2024	7,976		170.47	—	2,172,081
Total	39,343	$	164.81	—	2,172,081

(1) Reflects purchases by the SECT of shares of Class B common stock from the ESPP, the RSP and from equity-based compensation award recipients under right of first refusal terms at average prices as follows: 7,547 shares at $155.27 in April, 16,098 shares at $167.12 in May and 6,017 shares at $170.70 in June.

(2) In connection with the exercise of equity-based compensation awards, we accept delivery of shares to pay for the exercise price and withhold shares for tax withholding obligations at average prices as follows: In April, we accepted delivery of 2,083 Class B shares at $156.85. In May, we accepted delivery of 993 Class A shares at $172.61 and 571 Class B shares at $166.34. In June, we accepted delivery of 709 Class B shares at $169.35. In connection with the issuance of equity-based awards and shares to the ESPP, we purchased 1,990 Class B shares at $155.07 per share from the SECT in April, 2,085 Class B shares at $172.97 in May and 1,250 Class B shares at $170.00 in June.

(3) The Board of Directors has authorized a share repurchase program that permits the purchase of up to 3 million common shares of Class A or Class B common stock in open market or privately negotiated transactions at the discretion of management.

Item 6. Exhibits.

(a) Exhibits

10.1	Form UK Severance Benefit Agreement
31.1	Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	Interactive Date files (submitted electronically herewith)

(101.INS)	XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
(101.SCH)	XBRL Taxonomy Extension Schema Document
(101.CAL)	XBRL Taxonomy Extension Calculation Linkbase Document
(101.DEF)	XBRL Taxonomy Extension Definition Linkbase Document
(101.LAB)	XBRL Taxonomy Extension Label Linkbase Document
(101.PRE)	XBRL Taxonomy Extension Presentation Linkbase Document

104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document and are contained within Exhibit 101.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

			Moog Inc.
			(Registrant)
Date:	August 8, 2024	By	/s/ Pat Roche Pat Roche Chief Executive Officer (Principal Executive Officer)
Date:	August 8, 2024	By	/s/ Jennifer Walter Jennifer Walter Chief Financial Officer (Principal Financial Officer)
Date:	August 8, 2024	By	/s/ Nicholas Hart Nicholas Hart Controller (Principal Accounting Officer)

DATED

MOOG CONTROLS LIMITED

- and -

[NAME]

SEVERANCE BENEFIT AGREEMENT

Willans LLP
34 Imperial Square
CHELTENHAM
GL50 1QZ

THIS AGREEMENT is dated

PARTIES

1. **Moog Controls Limited** incorporated and registered in England and Wales with company number 1171948 whose registered office is at Ashchurch, Tewkesbury, Gloucestershire GL20 8NA (**Company**).

2. **[Name]** of [Address] (**You, your** or **yours**).

AGREED TERMS

1. Interpretation

1.1 The definitions in this clause apply in this agreement.

Board means the Board of Directors of Moog Controls Limited.

Cause means:

(a) The neglect, omission or refusal by you, without any reasonable cause, to perform all or any of your duties or obligations of employment or to observe and perform the provisions of your employment contract to the reasonable satisfaction of the Board; or

(b) misconduct by you whether during or outside the course of your duties of employment in such a way that in the reasonable opinion of the Board the business, operation, interests or reputation of the Company or any Group Company is, or is likely to be, prejudicially affected; or

(c) commission by you of any criminal offence (including in particular any offence involving dishonesty or violence) other than an offence which does not in the opinion of the Board affect your position under this agreement; or

(d) your conviction of an offence under any statutory enactment or regulation relating to bribery or insider dealing; or

(e) your bankruptcy or any composition by you with your creditors or any attempt by you to make such a composition, or any insolvency order being made against you; or

(f) your prohibition by law from being a Director of a company or if you cease to be a Director of the Company without the consent of the Company; or

(g) commission by you of any serious breach of the rules or regulations (as amended from time to time) of (i) the New York Stock Exchange (including any codes published from time to time in relation to transaction in securities by directors and certain senior executives of listed companies) or (ii) of any regulatory authority relevant to the Company or any Group Company, or of any code of practice issued by the Company relating to dealing in the securities of the Company or any Group Company;

(h) commission by you of any act of gross misconduct during the course of your duties of employment; or

(i) any deliberate act by you of discrimination, harassment or victimisation on any unlawful grounds.

Compensation Sum means a sum of money equating to your base salary in Moog's fiscal year. If any Short-Term Incentive attributable to a given fiscal year has been earned but has not yet been paid to you at the Termination Date, the Compensation Sum for the given fiscal year will include the amount of earned but unpaid Short-Term Incentive, calculated in accordance with the terms of the applicable Short-Term Incentive plan or programme. The Short-Term Incentive will be deemed earned if the Short-Term Incentive either (i) will be paid to you at a later date or (ii) would have been paid to you had you remained employed until the date the Short-Term Incentive otherwise would have been payable

Change of Control means any one or more of the following:

(a) any "person" or "group", as such terms are used in Sections 13(d)(3) and 14(d)(2) of the United States of America Securities and Exchange Act of 1934, as amended ("the Exchange Act"), becomes the "beneficial owner" (as such term is used in Rules 13d-3 under the Exchange Act), directly or indirectly, of 25% or more of either (i) the then-outstanding shares of Common Stock (the "Outstanding Moog Common Stock") or (ii) the combined voting power of the then-outstanding voting rights of Moog entitled to vote generally in the election of directors (the "Outstanding Moog Voting Rights"); provided, however, that, for purposes of this definition, the following acquisitions will not constitute a Change of Control: (A) any acquisition directly from Moog, (B) any acquisition by Moog, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Moog or any affiliated company, (D) any acquisition pursuant to a transaction described in subsections (c)(i), (c)(ii) and (c)(iii) below;

(b) Any time at which individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by Moog’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board

(c) Consummation of a reorganization, merger, share purchase or consolidation or similar transaction involving Moog or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of Moog, or the acquisition of assets or stock of another entity by Moog or any of its Subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination:

(i) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Moog Common Stock and the Outstanding Moog Voting Rights immediately prior to such Business Combination beneficially own, directly or indirectly, more than 75% of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent rights) and the combined voting power of the then-outstanding voting shares entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns Moog or all or substantially all of Moog’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Moog Common Stock and the Outstanding Moog Voting Rights as the case may be,

(ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of Moog or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 25% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns Moog or all or substantially all of Moog's assets either directly or through one or more subsidiaries) or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and

(iii) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(d) Approval by Moog's shareholders of a complete liquidation or dissolution of Moog.

Common Stock means the Class A and Class B $1.00 par value shares of the capital stock of the Company, as well as all other securities with voting rights or convertible into securities with voting rights

Director in relation to a company means a duly appointed director of that company whose appointment has been registered at Companies House.

Group Company means any Subsidiary or Holding Company of the Company from time to time, and any Subsidiary of any Holding Company of the Company from time to time, and references to the 'Group' shall mean the Company and any Group Company existing from time to time

Involuntary Termination of Employment means a termination of your employment relationship 1) by or at the instigation of the Company (excluding any termination for Cause), or 2) by or at your instigation where your base salary has been diminished or reduced to a greater extent than any diminution or reduction in the base salary of the Company's executives generally.

Where there has been a Change of Control, an Involuntary Termination of Employment also includes a termination of the employment relationship with the Company by or at your instigation on or within two years following the Change of Control, where, without your actual or implied consent, (i) the duties, responsibilities, status, base salary or perquisites of office and employment have been diminished or downgraded, or (ii) your duties and responsibilities have been substantially increased without a commensurate increase in base salary. Notwithstanding the preceding sentence, for the purpose of this Agreement you will be deemed to have consented to any general decrease in base salary that is approved by a majority of those executives who are parties to agreements similar to this Agreement.

Monthly Compensation Payment means the average of the Compensation Sum paid to you for the three highest fiscal years of the five fiscal years preceding the fiscal year in which the Termination Date takes place, divided by 12.

Moog means Moog Inc., a New York corporation with a corporate office at 400 Jamison Road, East Aurora, New York 14052.

Notice Date means the date on which you are given, or give, notice to terminate your employment.

Severance Period means a period of time assessed according to your completed years of continuous service at the Termination Date (measured by reference to sections 210 – 219 inclusive of the Employment Rights Act 1996) as follows:

In the event of Change of Control

Completed Years of Continuous Service	Severance Period
Up to 3 complete years	12 months
Three complete years or more, but less than ten complete years	24 months
Ten complete years or more, but less than fifteen complete years	27 months
Fifteen complete years or more, but less than 20 complete years	30 months
Twenty complete years or more	36 months

Involuntary Termination not on a Change of Control

More than (complete years)	Less than (complete years)	Severance Period (months)
0	10	12
10	11	13
11	12	14
12	13	15
13	14	16
14	15	17
15	16	18
16	17	19
17	18	20
18	19	21
19	20	22
20	21	24
21	22	25
22	23	26
23	24	27
24	25	28
25	26	30
26	27	31
27	28	32
28	29	33
29	30	34
More than 30		36

Short-Term Incentive means the annual profit share or other short-term incentive award under any profit share or other short-term incentive plan or program maintained by the Company

Subsidiary and Holding Company in relation to a company mean "subsidiary" and "holding company" as defined in section 1159 of the Companies Act 2006 save that they shall also include such bodies incorporated outside the United Kingdom and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) a nominee.

Termination Date means the date on which your employment with the Company or any Group Company terminates, howsoever caused.

1.2 The headings in this agreement are inserted for convenience only and shall not affect its construction.

1.3 In this agreement (including the Schedule), a reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

1.4 Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.

1.5 The schedule to this agreement forms part of (and is incorporated into) this agreement.

1.6 Nothing in this agreement shall affect your entitlement to:

(a) basic salary and benefits to the Termination Date, payable in accordance with the Company's regular payroll practices (but subject to clause 3.2);

(b) payment in lieu of any untaken holiday entitlement accrued to the Termination Date; or

(c) the reimbursement of expenses, provided that all claims for reimbursement are submitted within four weeks after the Termination Date.

2. Involuntary Termination of Employment

In the event that notice is given of an Involuntary Termination of Employment, you will be entitled to the benefits and payments set out in clause 3 below ("Severance Benefits"), subject to the terms and conditions set out in this agreement.

3. Severance Benefits

3.1 The Severance Benefits are as follows:

(a) any Short-Term Incentive attributable to the fiscal year prior to the fiscal year in which the Termination Date takes place that has been earned but not yet paid to you at the Termination Date. For the purpose of this clause a Short-Term Incentive will be deemed to be earned if it either (i) will be paid to you at a later date or (ii) would have been paid to you had you remained employed until the date on which the Short-Term Incentive otherwise would have been payable, payable as soon as practicable following the Termination Date, and subject to prior deduction of income tax and National Insurance contributions;

(b) payment of the Monthly Compensation Payment, in equal monthly instalments over the Severance Period after the Notice Date, in accordance with the Company's relevant payroll practices, and subject to prior deduction of income tax and National Insurance contributions;

(c) continuation for one year after the Notice Date of any Company-paid club memberships held by you for which reimbursement was provided by the Company immediately prior to the Termination Date. You shall be responsible for any further tax and employee's National Insurance contributions due in respect of the continuation of this benefit;

(d) continuation of private medical and dental healthcare coverage, on the same terms as applied immediately prior to the Notice Date, until the earlier of (i) one year after the Notice Date or (ii) the date on which you gain new employment which provides any form of insurance cover for private medical or dental expenses (as the case may be). You shall be responsible for any further tax and employee's National Insurance contributions due in respect of the continuation of this benefit;

(e) payment of employer's contributions into the Moog Company Pension Scheme during the Severance Period after the Notice Date, on the same basis as applied immediately prior to the Notice Date, and subject to your making employee contributions as required by the rules of the Moog Company Pension Scheme. You shall be responsible for any tax and employee's National Insurance contributions due in respect of these contributions; and

(f) outplacement services at the Company's expense through a mutually acceptable outplacement firm. All outplacement services must be completed before the end of the second calendar year following the calendar year in which the Notice Date takes place. You shall be responsible for any further tax and employee's National Insurance contributions due in respect of the continuation of this benefit.

3.2 Any payments made under sub-clauses 3.1(b) and (e) above, and any benefits provided under sub-clauses 3.1 (c) and (d) above, shall go towards extinguishing the Company's obligation to pay you and provide benefits to you (including paying employer's pension contributions on your behalf) during a period of notice required under your employment contract with the Company and/or (as the case may be) the Company's obligation to make a payment in lieu of notice in accordance with your employment contract with the Company, and vice versa. This is without prejudice to sub-clauses 4.4 and 4.7 below.

4. Conditions applicable to the Severance Benefits

4.1 Provision of the Severance Benefits to you are subject to your compliance with the terms of this agreement, and the execution by you within 30 days of the Termination Date of a binding settlement agreement in relation to your contractual and statutory employment rights substantially in the form appearing in the Schedule to this agreement (Settlement Agreement) and subsequent compliance with that Settlement Agreement. If you do not comply with this condition, or the terms of Settlement Agreement, the Severance Benefits will cease immediately, except as provided by law, and you will forfeit all right to the Severance Benefits.

4.2 Any stock appreciation rights, stock options or other equity awards granted to you will continue to be governed under the terms of the relevant plans and agreements with you.

4.3 During the Severance Period after the Termination Date, you will not be considered an employee for any purpose including, without limitation, eligibility under any employee benefit plan. Your rights under any employee benefit plan following the Termination Date will be determined under the law and the terms of the applicable plan or policy.

4.4 Except as otherwise provided in this agreement or as required by applicable law, if you are entitled to receive Severance Benefits under this Agreement, you will not be entitled to receive severance benefits, or benefits in the nature of compensation for loss of employment, notice pay, payment in lieu of notice or damages for failure to give notice of termination, under any other severance plan, policy or programme of the Company or any Group Company, or under your contract of employment.

4.5 You agree that if you issue proceedings before an employment tribunal or court of law for the recovery of any compensation, damages or other sums payable in relation to your employment by the Company or any Group Company or its termination, or fail to irrevocably withdraw any such proceedings already commenced, then, without prejudice to any other rights or remedies of the Company or any Group Company arising from such action, you shall indemnify the Company and keep it indemnified against any losses suffered as a result thereof, including all reasonable legal and professional fees incurred.

4.6 The indemnity in sub-clause 4.5 above shall not apply in relation to:

(a) proceedings to enforce the terms of this agreement or the settlement agreement concluded pursuant to it;

(b) any personal injury claims which have not arisen at the date of this agreement and any existing personal injury claims of which you are not (and could not reasonably be) aware at the date of this agreement. For the avoidance of doubt the indemnity in sub-clause 4.5 above shall apply to any personal injury claim arising out of or in connection with any claim of unlawful discrimination, harassment or victimisation is waived by virtue of this agreement, regardless of whether or not you are, or could reasonably be, aware of such injury claim; and

(c) any claims in relation to accrued entitlements under the Moog Company Pension Scheme.

4.7 To the extent that the Severance Benefits are damages (which is not admitted), the parties agree that the terms of sub-clause 3.1 represent a genuine pre-estimate of the loss to you that would arise on termination of the employment in the circumstances described and do not constitute a penalty. The Company waives any requirement on you to mitigate your losses in respect of such termination. You shall, subject to sub-clauses 1.6 and 4.2 above, and notwithstanding sub-clause 4.1 above, accept the Severance Benefits in full and final settlement of all and any claims that you may have arising out of the employment or its termination, excluding any personal injury claims of which you are not aware at the Termination Date and any claims in relation to accrued entitlements under the Moog Company Pension Scheme.

5. Termination of employment by the Company for Cause

5.1 If the Company shall terminate your employment for Cause, whether in connection with a Change of Control or otherwise, and whether before or after the Company’s normal retirement age (if any):

(a) the Company may terminate your employment without notice or payment in lieu of notice;

(b) no Severance Benefits or benefits under any other severance plan or policy of the Company will be payable to you;

(c) you will not be eligible for any Short-Term Incentive or any other type of bonus payable after the Termination Date; and

(d) unless otherwise provided by law or the terms of the relevant plans, any stock options, stock appreciation rights or other equity awards, both vested and unvested, granted to you will be forfeited.

6. Termination of employment in other circumstances

6.1 If your employment shall terminate in any circumstances not falling within either clause 2 or clause 5 above, whether in connection with a Change of Control or otherwise:

(a) no Severance Benefits will be payable under this Agreement and you will be entitled to severance, if any, determined and payable only under the general severance policies of the Company;

(b) you will receive any payment or benefit that you are entitled to receive pursuant to the terms of your contract of employment, statute, or any relevant policy or provision in place at the Termination Date.

(c) you will not be entitled to receive any Short-Term Incentive award payable after the Termination Date unless it is deemed earned at the Termination Date according to the terms of the applicable plan or policy; and

(d) any stock appreciation rights, stock options or other equity awards granted to you will continue to be governed under the terms of the relevant plans and agreements with you

7. Return of property and entry to premises

7.1 You agree to return, as soon as practicable after the Termination Date, all of the Company's or any Group Company's property in your custody or control, whether created by you or others, including, but not limited to, any keys, key fobs, or electronic swipe cards providing access to any of the Company's or Group Company's facilities or secure areas, corporate credit cards, powers of attorney, ID/access badge, Company issued personal or laptop computer, mobile devices, and the originals and copies of any and all documents, drawings, correspondence, financial records, notes, employee records, files, manuals, reports, letters, memoranda, agreements, and all other tangible material on which information is stored or recorded that are in any way related to the business of the Company or any Group Company, its/their customers, suppliers or affiliates. You agree that you will not retain or make copies of any Confidential Information, as defined below, in paper or electronic form.

8. Confidential Information

8.1 You acknowledge that in the ordinary course of your employment you will be exposed to information about the business, technology, processes, products, plans, financial or other information or data of the Company and any Group Company and that of the Group's suppliers and customers which may amount to a trade secret, be confidential or commercially sensitive and/or which if misused or disclosed could cause significant harm to the Company and any Group Company. Such information (whether or not recorded in writing, on computer disc or in any other medium, and whether or not marked 'confidential') is referred to in this agreement as "Confidential Information" and shall in particular include (without limitation):

(a) details of how the Group prices its products or services including any discounts or non-standard terms offered to any clients;

(b) the Group's intellectual property (except where this is protected by patent or equivalent protection);

(c) information relating to the Group’s suppliers and the terms and conditions (including any prices and discounts) agreed with them;

(d) information relating to the Group’s clients or customers and the terms and conditions (including any process and discounts) agreed with them;

(e) research and development projects of the Group;

(f) the Group’s marketing and sales strategies and plans;

(g) potential acquisitions and disposals by the Group;

(h) the Group’s financial and sales performance;

(i) any processes, inventions, designs, know-how, discoveries, technical specifications and other technical information relating to the creation, product or supply of any past, present or future product or service of the Group; and

(j) any other categories of confidential information that the Company wants to protect and which it notifies to you in writing as being confidential or which by its nature or the surrounding circumstances is clearly confidential.

8.2 You agree to accept the restrictions in this clause in relation to such Confidential Information. You will not either directly or indirectly during your employment or after the Termination Date without limit in time, either for your own purposes or for any purposes other than those of the Company and any Group Company (for any reason and in any manner), use or divulge or communicate to any person, firm, company or organisation (except to those officials of the Company and any Group Company who need to know the same) any Confidential Information acquired or discovered by you in the course of your employment with the Company.

8.3 The restrictions contained in this clause do not apply to:

(a) any disclosure authorised by the Board or required in the ordinary and proper course of your employment or as required by the order of a court of competent jurisdiction or an appropriate regulatory authority or otherwise required by obligation of public law; or

(b) any information which can be demonstrated to have been in the public domain (other than by virtue of your breach of this agreement) at the time you used, divulged or communicated it; or

(c) any information being a protected disclosure by you in accordance with the provisions of the Public Interest Disclosure Act 1998.

8.4 Nothing in this Clause 8 shall prevent you or us (or any of our officers, employees, workers or agents) from:

(a) reporting a suspected criminal offence to the police or any law enforcement agency or co-operating with the police or any law enforcement agency regarding a criminal investigation or prosecution;

(b) doing or saying anything that is required by HMRC or a regulator, ombudsman or supervisory authority

(c) (whether required to or not, making a disclosure to, or co-operating with any investigation by, HMRC or a regulator, ombudsman or supervisory authority[, including the FCA and the PRA] regarding any misconduct, wrongdoing or serious breach of regulatory requirements (including giving evidence at a hearing);

(d) complying with an order from a court or tribunal to disclose or give evidence;

(e) disclosing information to HMRC for the purposes of establishing and paying (or recouping) tax and National Insurance liabilities arising from your employment or its termination; or

(f) making any other disclosure as required by law

8.5 You will not, other than with the prior written approval of the Board or any Director of the Group Company to whom you report, make or issue any press, radio or television statement, or publish or submit for publication any letter or article relating directly or indirectly to the business affairs of the Company or any Group Company containing Confidential Information.

8.6 The provisions of this clause 8 are without prejudice to your duties and obligations which exist at common law or in equity.

8.7 The provisions of this clause 8 shall survive any termination of your employment and shall remain in force in relation to any item of Confidential Information for so long as it is still properly regarded by the Company as being confidential.

9. Post-termination restrictions

9.1 You undertake to the Company on behalf of itself and as agent for any Group Company that you will not directly or indirectly and whether alone or in conjunction with or on behalf of any other person and whether as a principal, shareholder, director, employee, agent, consultant, partner, independent contractor or otherwise:

(a) at any time during the period of 6 months from the Effective Date be employed, engaged, concerned or interested in any business providing Competing Products or Services within or related to the Restricted Territory;

(b) at any time during the period of 12 months from the Effective Date canvass, solicit, attempt to solicit, interfere with or entice away or cause to be canvassed, solicited, interfered with or enticed away any Relevant Customer with a view to providing it with any Competing Products or Services; or

(c) at any time during the period of 12 months from the Effective Date provide or agree to provide to any Relevant Customer any Competing Products or Services; or

(d) at any time during the period of 12 months from the Effective Date solicit, entice or induce or endeavour to solicit, entice or induce or assist any Key Person to leave the Company or any Relevant Group Company, whether or not such person would commit any breach of his own contract of employment or engagement by doing so; or

(e) at any time during the period of 12 months from the Effective Date in connection with any business in or proposing to be in competition with the Company or any Relevant Group Company, employ, engage or appoint or in any way cause or assist to be employed, engaged or appointed a Key Person; or

(f) at any time during the period of 12 months from the Effective Date solicit or attempt to solicit or place orders for the supply of products or services from a Supplier if as a result the Supplier may reasonably be expected to cease supplying, or materially reduce its supply to, or vary detrimentally the terms on which it supplies products or services to, the Company or any Relevant Group Company; or

(g) encourage, assist or procure any third party to do anything which, if done by you, would be in breach of (a) to (f) above.

9.2 Each of the restrictions in sub-clause 9.1 is intended to be separate and severable and in the event that any of such restrictions shall be adjudged to be void or ineffective for whatever reason but would be adjudged to be valid and effective if part of the wording or range of services or products were deleted, the said restrictions shall apply with such deletions as may be necessary to make them valid and effective.

9.3 None of the restrictions in sub-clause 9.1 shall prevent you from:

(a) holding up to 5% of any securities in a company which is quoted on any recognised Stock Exchange; or

(b) being employed, engaged, concerned or interested in any business insofar as your duties or work relate to geographical areas where the business is not in competition with the Company or any Relevant Group Company; or

(c) being employed, engaged, concerned or interested in any business insofar as your duties or work relate solely to products or services of a kind with which you were not directly involved, concerned or connected during the period of 12 months immediately prior to the Effective Date.

9.4 Since by reason of services rendered to or offices held in any Group Company you may also obtain in the course of your employment knowledge of the trade secrets or other confidential information of such companies, you hereby agree that you will at the request and cost of the Company enter into a direct agreement or undertaking with such Group Company whereby you will accept restrictions corresponding to the restrictions contained in this agreement (or such of them as may be appropriate in the circumstances) in relation to such products and services and such area and for such period as such Group Company may reasonably require for the protection of its legitimate interest.

9.5 It is understood and agreed by the Company and you that damages may be an inadequate remedy in the event of a breach by you of any of the restrictions contained in this clause 9 and that any such breach by you or on your behalf may cause the Company or any Group Company great and irreparable injury and damage. Accordingly, you agree that the Company or any Group Company shall be entitled, without waiving any additional rights or remedies otherwise available to it at law or in equity or by statute, to injunctive and other equitable relief in the event of a breach or intended or threatened breach by you of any of the restrictions contained in this clause 9.

9.6 If you are offered new employment or a new appointment or engagement you agree to immediately bring the terms of this clause 9 to the attention of the person making the offer.

9.7 You agree that, on or before the Effective Date, you will delete any connection between you and any Key Person or Relevant Customer or Supplier stored in any form of Social Media. You further agree that updating this profile and/or connecting or reconnection to any Key Person or Relevant Customer or Supplier using Social Media after the Termination Date may amount to a breach of clause 9.1 above.

9.8 For the purposes of this clause 9 the following expressions shall have the following meanings:-

Competing Products or Services means products or services which are of the same kind as or of a materially similar kind to and competitive with any products or services sold or supplied by the Company or any Relevant Group Company during the period of 12 months immediately prior to the Effective Date and with which sale or supply you were directly involved, concerned or interested or about which you possessed Confidential Information.

Confidential Information is as defined above in sub-clause 8.1;

Effective Date means the Termination Date or (if earlier) the date on which you commence a period of garden leave.

Key Person means anyone employed or engaged by the Company or any Group Company who by reason of their knowledge of Confidential Information could materially damage the interests of the Company or any Group Company if they were employed, engaged, concerned or interested in any business concern offering Competing Products or Services, and with whom you worked or had material dealings or whose work you were responsible for or managed during the period of 12 months immediately prior to the Effective Date.

Relevant Customer means any person, firm, company or organisation who or which at any time during the period of 12 months immediately prior to the Effective Date is or was:

(a) negotiating with the Company or any Relevant Group Company for the sale or supply of Relevant Products or Services; and/or

(b) a client or customer of the Company or any Relevant Group Company for the sale or supply of Relevant Products or Services,

and in each case with whom you were directly involved, concerned or connected in that respect during that period or about which you possessed Confidential Information.

Relevant Group Company means any Group Company for which you have performed services under this agreement or for which you have had material operational or management responsibility or have provided material services at any time during the period of 12 months immediately prior to the Effective Date.

Relevant Products or Services means any products or services sold or supplied by the Company or any Relevant Group Company during the period of 12 months immediately prior to the Effective Date and with which sale or supply you were directly involved, concerned or connected or about which you possessed Confidential Information.

Restricted Territory means within England and any other country in the world where on the Effective Date the Company or any Relevant Group Company was engaged in the research into, development, distribution, sale or supply of or otherwise dealt with, Relevant Products or Services.

Social Media means any online communication tool which facilitates the creation, publication, storage and/or exchange of user-generated content, including but not limited to Facebook, Flickr, Google, LinkedIn, MySpace, Skype, Twitter, Tumblr, You Tube and Wikis.

Supplier means any business which at any time during the period of 12 months immediately prior to the Effective Date provided products or services to the Company or the Relevant Group Company and with whom you had material dealings or for whom you had responsibility in that respect at any time during the period.

10. Intellectual property rights

10.1 You will promptly disclose in writing to the Company any invention, improvement, discovery, formulae or process you make (alone or with others) during the course of your employment with the Company and will keep such matter confidential unless and until it has been determined whether it is an invention owned by the Company.

10.2 Subject to section 39 of the Patents Act 1977, all intellectual property rights in any works created by you during the course of your employment or by using materials, tools, information or opportunities made available to you through your employment shall belong to the Company (or to any Group Company which the Company may nominate in writing from time to time) and you hereby assign all the intellectual property rights in such works to the Company (or to any Group Company which has been nominated in writing), free from all encumbrances. For these purposes "intellectual property rights" include trademarks, registered designs, design rights, copyrights, and future copyrights, database rights and other intellectual property rights together, where registerable, with the right to apply for registration of such rights and to claim priority from such applications. This clause shall apply both to such rights which exist at the date of this agreement and which may come into existence in the future.

10.3 Subject to sections 39-42 of the Patents Act 1977, if required by the Company to do so (whether during or after the termination of your employment) you will sign any document and do anything necessary or desirable to fully vest ownership in the Company as sole beneficial owner of any rights either (i) referred to in clause 10.2 or (ii) which the Company owns in inventions made by you by virtue of section 39 of the Patents Act 1977.

10.4 You irrevocably waive in favour of the Company all your rights pursuant to sections 77 and 89 inclusive of the Copyright Designs and Patents Act 1988.

10.5 You irrevocably appoint the Company to be your attorney in your name and on your behalf to execute or complete any document or do any such thing and generally to use your name for the purposes of giving to the Company (or its nominee or successors) the full benefit of the provisions of this clause 10.

10.6 You accept that no future agreement between the Company and you, dealing with the ownership or licensing of any intellectual property rights in works or inventions created by you, shall be enforceable unless and until it is in writing signed on behalf of the Company by a Director (not being you).

10.7 You agree that you will not use or commercially exploit any of the Company's intellectual property rights after the termination of your employment with the Company, without the Company's prior written consent.

10.8 The provisions of this clause 10 shall remain in full force and effect following the termination of the employment for any reason, whether such termination is lawful or not.

11. General

11.1 The Company may deduct or withhold from all payments under this Agreement all amounts that may be required to be deducted or withheld under any applicable law, including without limitation all income tax withholdings and national insurance contributions.

11.2 This Agreement will inure to the benefit of and be binding upon the Company and its successors and assigns.

11.3 No course of action or failure to act by the Company or you will constitute a waiver by the party of any right or remedy under this agreement, and no waiver by either party of any right or remedy under this agreement will be effective unless made in writing signed by such party.

11.4 Whenever possible, each provision of this agreement will be interpreted in such a manner as to be enforceable under applicable law. However, if any provision of this agreement is deemed unenforceable under applicable law by a court having jurisdiction, the provision will be unenforceable only to the extent necessary to make it enforceable without invalidating the remainder thereof or any of the remaining provisions of this agreement.

11.5 All notices and other communications provided for in this agreement must be in writing and (a) delivered in person, (b) posted by recorded delivery to the appropriate party at the address given for the party on the first page of this agreement, or to any other address as the party designates in a writing complying with this sub-clause (such posted notice to be effective two days after the date it is posted), or (c) sent by facsimile or other electronic transmission, with confirmation sent by way of hand delivery or certified mail.

11.6 The Company enters into this agreement for itself and as agent and trustee for all Group Companies and it is authorised to do so. Each Group Company may enforce any rights it has under this agreement, subject to and in accordance with the Contracts (Rights of Third Parties) Act 1999. This agreement may be varied, suspended or terminated by agreement in writing between the parties (in the case of the Company, under signature only of a

Director) or this agreement may be rescinded (in each case), without the consent of any third party.

11.7 This agreement constitutes the entire agreement between the Company and you with respect to the subject matter of this agreement, and supersedes all oral and written proposals, representations, understandings and agreements previously made or existing with respect to such subject matter.

11.8 This agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. Any party may execute this agreement by facsimile or electronic signature and the other party will be entitled to rely on such facsimile or electronic signature as evidence that this agreement has been duly executed by such party. Any party executing this agreement by facsimile or electronic signature will immediately forward to the other party an original page by overnight courier, but the failure to do so will not affect the binding nature of this agreement.

11.9 This agreement is governed by and interpreted in accordance with the law of England and Wales, without regard to principles of conflicts of law. The parties submit to the exclusive jurisdiction of the High Court of England and Wales in connection with any claim, dispute or matter arising out of or relating to this agreement.

IN WITNESS of which this agreement has been executed and, on the date set out above, delivered as a deed.

EXECUTED as a deed by the Company
acting by [NAME OF DIRECTOR], a Director

Director

Signature : ____________________________

Name : ____________________________

Date : ____________________________

In the presence of:

Witness

Signature : ____________________________

Name : ____________________________

Occupation: ____________________________

Address : ____________________________

SIGNED as a deed by you

Signature : ____________________________

Name : ____________________________

Date : ____________________________

In the presence of:

Witness

Signature : ____________________________

Name : ____________________________

Occupation : ____________________________

Address : ____________________________

SCHEDULE

SETTLEMENT AGREEMENT

THIS AGREEMENT is dated

PARTIES

1. **Moog Controls Limited** incorporated and registered in England and Wales with company number 1171948 whose registered office is at Ashchurch, Tewkesbury, Gloucestershire GL20 8NA (**Company**).

2. **[Name]** of [ADDRESS] (**Executive**).

BACKGROUND

A. You were employed by the Company from [DATE], most recently as [POSITION] under a contract dated [DATE].

B. Your employment with the Company terminated on [DATE].

C. This agreement records the agreed terms of settlement of all claims you have or may have in connection with your employment or its termination or otherwise against the Company or any Group Company (as defined below) or its officers or employees whether or not those claims are, or could be, in the contemplation of the parties at the time of signing this agreement, and including, in particular, the statutory complaints which you raise in this agreement.

AGREED TERMS

1. Interpretation

1.1 The definitions in this clause apply in this agreement.

Adviser: [NAME] of [FIRM].

Confidential Information: information in whatever form (including, without limitation, in written, oral, visual or electronic form or on any magnetic or optical disk or memory and wherever located) relating to the business, products, affairs and finances of the Company or any Group Company for the time being confidential to the Company or any Group Company and trade secrets including, without limitation, technical data and know-how relating to the business of the Company or any Group Company or any of its suppliers, clients, customers, agents, distributors, shareholders or management, including (but not limited to) information that you created, developed, received or obtained in connection with your employment, whether or not such information (if in anything other than oral form) is marked confidential.

Copies: copies or records of any Confidential Information in whatever form (including, without limitation, in written, oral, visual or electronic form or on any magnetic or optical disk or memory and wherever located) including, without limitation, extracts, analysis, studies, plans, compilations or any other way of representing or recording and recalling information which contains, reflects or is derived or generated from Confidential Information.

Group Company means any Subsidiary or Holding Company of the Company from time to time, and any Subsidiary of any Holding Company of the Company from time to time, and references to the 'Group' shall mean the Company and any Group Company existing from time to time.

Subsidiary and Holding Company: in relation to a company mean "subsidiary" and "holding company" as defined in section 1159 of the Companies Act 2006 save that they shall also include such bodies incorporated outside the United Kingdom and a company shall be treated, for the purposes only of the membership requirement contained in subsections 1159(1)(b) and (c), as a member of another company even if its shares in that other company are registered in the name of (a) another person (or its nominee), whether by way of security or in connection with the taking of security, or (b) a nominee.

1.2 The headings in this agreement are inserted for convenience only and shall not affect its construction.

1.3 A reference to a particular law is a reference to it as it is in force for the time being taking account of any amendment, extension, or re-enactment and includes any subordinate legislation for the time being in force made under it.

1.4 Unless the context otherwise requires, words in the singular include the plural and in the plural include the singular.

1.5 The schedules to this agreement form part of (and are incorporated into) this agreement.

2. Arrangements on termination

2.1 Your employment with the Company terminated on [DATE] (**Termination Date**).

2.2 You have received your accrued salary and usual benefits up to the Termination Date.

2.3 The Company has made a payment to you in respect of [NUMBER] of days' outstanding holiday, up to and including the Termination Date.

2.4 The Company will, as soon as practicable but no later than 60 days following the Termination Date, pay you a bonus of £[AMOUNT] in respect of the [YEAR] the Company's fiscal year. [***Set out entitlement to any other bonuses, benefit or award programme, grant of equity interest, share option, long-term incentive plan or other profit sharing scheme.***]

2.5 The payments and benefits in this clause 2 are subject to deduction of:

(a) income tax and employee's National Insurance contributions; and

(b) any outstanding sums due from you to the Company or any Group Company.

2.6 You shall submit on or before the Termination Date your expenses claims in the usual way and the Company shall reimburse you for any expenses properly incurred before the Termination Date in the usual way. Any expenditure on your Company credit card which was not properly incurred by you on the Company's business or for which you cannot produce appropriate receipts will be deducted from the final salary payment.

3. Termination payment

3.1 Subject to and conditional on you complying with the terms of this agreement, the Company shall, subject to receipt by the Company of a copy of this agreement signed by you and of a certificate from the Adviser as set out in Schedule 3 (whichever is later) pay to you by way of compensation for the termination of your employment £[AMOUNT] (**Termination Payment**) consisting of:

(a) £[AMOUNT] as an ex gratia payment; and

(b) £[AMOUNT] as a redundancy payment (which includes a statutory redundancy payment calculated in accordance with Schedule 1).

3.2 The Termination Payment shall be made in [NUMBER] equal monthly instalments on the Company's normal payroll dates, subject to prior deduction of income tax and employee's National Insurance contributions.

4. Benefits

4.1 Subject to and conditional on you complying with the terms of this agreement, the Company shall continue to provide you with private medical and dental expenses insurance, subject to the rules of the relevant benefit schemes in force from time to time until the earlier of (i) [DATE] or (ii) the date on which you gain new employment which provides any form of insurance cover for private medical or dental expenses (as the case may be). You shall be responsible for any further tax and employee's National Insurance contributions due in respect of these benefits.

4.2 Subject to and conditional on you complying with the terms of this agreement, the Company shall make employer's contributions into the Moog Company Pension Scheme until [DATE], on the same basis as applied immediately prior to the Termination Date, and subject to your making employee contributions as required by the rules of the Moog Company Pension Scheme. You shall be responsible for any tax and employee's National Insurance contributions due in respect of these contributions.

4.3 Subject to and conditional on you complying with the terms of this agreement, the Company shall provide you, at its own expense, with outplacement services through a mutually acceptable outplacement firm for a period of up to three months. All outplacement services must be completed by [DATE].

5. Pension

The Company shall notify the trustees of the Moog Company Pension Scheme (**Pension Scheme**) that your employment has terminated and request written confirmation of your accrued entitlement under the Pension Scheme and request that the options available for dealing with your entitlement are sent to you.

6. Legal fees

The Company shall pay the reasonable legal fees up to a maximum of £500 plus VAT incurred by you in obtaining advice on the termination of your employment and the terms of this agreement, such fees to be payable to the Adviser on production of an invoice.

7. Waiver of claims

7.1 You agree that the terms of this agreement are offered by the Company without any admission of liability on the part of the Company and are in full and final settlement of all and any claims or rights of action that you have or may have against the Company or any Group Company or its officers, employees or agents, whether arising directly or indirectly out of or in connection with your employment with the Company, its termination or otherwise, and whether arising under common law, contract, statute or otherwise, and whether arising in the United Kingdom or in any other jurisdiction, and including, but not limited to, the claims specified in Schedule 2 (each of which is hereby intimated and waived).

7.2 The waiver in clause 7.1 shall have effect irrespective of whether or not, at the date of this agreement, you are (or could be) aware of such claims or have such claims in your express contemplation (including such claims of which you become aware after the date of this agreement in whole or in part as a result of new legislation or the development of common law or equity).

7.3 Insofar as the waiver in clause 7.1 relates to claims or rights of action arising directly or indirectly out of or in connection with your employment with the Company or its termination, the waiver shall apply in relation to events occurring after this agreement has been entered into.

7.4 The waiver in clause 7.1 shall not apply to the following:

(a) any claims by you to enforce this agreement;

(b) any personal injury claims which have not arisen at the date of this agreement and any existing personal injury claims of which you are not (and could not reasonably be) aware at the date of this agreement. For the avoidance of doubt any personal injury claim arising out of or in connection with any claim of unlawful discrimination, harassment or victimisation is waived by virtue of this agreement, regardless of whether or not you are, or could reasonably be, aware of such injury claim; and

(c) any claims in relation to accrued entitlements under an occupational pension scheme.

7.5 You warrant that:

(a) before entering into this agreement you received independent advice from the Adviser as to the terms and effect of this agreement and, in particular, on its effect on your ability to pursue any complaint before an employment tribunal or other court;

(b) the Adviser has confirmed to you that he or she is a solicitor holding a current practising certificate and that there is in force a policy of insurance covering the risk of a claim by you in respect of any loss arising in consequence of their advice;

(c) the Adviser shall sign and deliver to the Company the certificate attached as Schedule 3 to this agreement;

(d) before receiving the advice you disclosed to the Adviser all facts or circumstances that may give rise to a claim against the Company or any Group Company or its officers or employees and that you are not aware of any other facts or circumstances that may give rise to any claim against the Company or any Group Company or its officers or employees other than those claims specified in clause 7.1 read with Schedule 2; and

(e) the only claims that you have or may have against the Company or any Group Company or its officers, employees or agents (at the time of entering into this agreement) relating to your employment with the Company or its termination are specified in clause 7.1 read with Schedule 2.

7.6 You acknowledge that the Company acted in reliance on these warranties when entering into this agreement.

7.7 You acknowledge that the conditions relating to settlement agreements under section 147(3) of the Equality Act 2010, section 288(2B) of the Trade Union and Labour Relations (Consolidation) Act 1992, section 203(3) of the Employment Rights Act 1996, regulation 35(3) of the Working Time Regulations 1998 (*SI 1998/1833*), section 49(4) of the National Minimum Wage Act 1998, regulation 41(4) of the Transnational Information and Consultation etc. Regulations 1999 (*SI 1999/3323*), regulation 9 of the Part-

Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 (*SI 2000/1551*), regulation 10 of the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 (*SI 2002/2034*), regulation 40(4) of the Information and Consultation of Employees Regulations 2004 (*SI 2004/3426*), paragraph 13 of the Schedule to the Occupational and Personal Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006 (*SI 2006/349*), regulation 62 of the Companies (Cross Border Mergers) Regulations 2007 (*SI 2007/2974*) and section 58 of the Pensions Act 2008. ***[include reference to any other statutory employment protection introduced since the date of the Severance Benefit Agreement]*** have been satisfied.

7.8 You agree that, except for the payments and benefits provided for in this agreement, and subject to the waiver in clause 7.1, you shall not be eligible for any further payment from the Company or any Group Company relating to your employment or its termination and, without limitation to the generality of the foregoing, you expressly waive any right or claim that you have or may have to payment of bonuses, any benefit or award programme or grant of equity interest, or to any other benefit, payment or award you may have received had your employment not terminated. You acknowledge that you are not entitled to any compensation for the loss of any rights or benefits under any share option, bonus, long-term incentive plan or other profit sharing scheme operated by the Company or any Group Company in which you may have participated other than the payments in clause 2.

8. Employee indemnities

8.1 You shall indemnify the Company on a continuing basis in respect of any further income tax or National Insurance contributions (save for employers' National Insurance contributions) in respect of the payments and benefits in clause 3.1, clause 4 and clause 5 (and any related interest, penalties, costs and expenses). The Company shall give you reasonable notice of any demand for tax which may lead to liabilities on you under this indemnity and shall provide you with reasonable access to any documentation you may reasonably require to dispute such a claim (provided that nothing in this clause shall prevent the Company from complying with its legal obligations with regard to HM Revenue and Customs or other competent body).

8.2 If you breach any material provision of this agreement or pursue a claim against the Company or any Group Company arising out of your employment or its termination other than those excluded under clause 7.4, you agree to indemnify the Company for any losses suffered as a result thereof, including all reasonable legal and professional fees incurred.

9. Return of company property

9.1 You warrant that you have returned to the Company:

(a) all Confidential Information and Copies;

(b) all property belonging to the Company in satisfactory condition including (but not limited to) any car (together with the keys and all documentation relating to the car), fuel card, company credit card, keys, security pass, identity badge, mobile telephone, pager, lap-top computer or fax machine; and

(c) all documents and copies (whether written, printed, electronic, recorded or otherwise and wherever located) made, compiled or acquired by you during your employment with the Company or relating to the business or affairs of the Company or any Group Company or its business contacts,

in your possession or under your control.

9.2 You warrant that you have deleted irretrievably any information relating to the business of the Company or any Group Company that you have stored on any magnetic or optical disk or memory and all matter derived from such sources which is in your possession or under your control outside the premises of the Company.

9.3 You warrant that you have informed, and undertake that you will keep the Company informed, of all login details and passwords relating to your use of the Company's IT systems.

9.4 You shall, if requested to do so by the Company, provide a signed statement that you have complied fully with your obligations under clause 9.1, clause 9.2 and clause 9.3 and shall provide it with such reasonable evidence of compliance as may be requested.

10. Employee warranties and acknowledgments

10.1 You warrant and represent to the Company that you have not committed any act of gross misconduct, nor are there any other circumstances which would entitle (or would have entitled) the Company to terminate your employment summarily without notice. Any payment to you pursuant to clause 3 or benefit provided pursuant to clause 4 is conditional on this being so.

10.2 You warrant and represent to the Company that you have not received or accepted any offer which will provide you with any form of income or benefits at any time after the Termination Date and that you are not in negotiations regarding the same. Any payment to you pursuant to clause 3 or benefit provided pursuant to clause 4 is conditional on this being so.

10.3 You agree to make yourself available to, and to cooperate with, the Company or its advisers in any internal investigation or administrative, regulatory, judicial or quasi-judicial proceedings. You acknowledge that this could involve, but is not limited to, responding to or defending any regulatory or legal process, providing information in relation to any such process, preparing witness statements and giving evidence in person on behalf of the Company. The Company shall reimburse any reasonable expenses incurred by you as a consequence of complying with your obligations under this clause, provided that such expenses are approved in advance by the Company.

11. Resignation from offices

You shall resign immediately from any office, trusteeship or position that you hold in or on behalf of the Company or any Group Company.

12. Confidential Information and Restrictive covenants

You acknowledge that the post-termination restrictions and provisions regarding confidential business information and intellectual property in clauses 8, 9 and 10 of your Severance Benefit Agreement with the Company dated [DATE] will continue to apply after the Termination Date.

13. Confidentiality and announcements

13.1 You and the Company confirm that you have kept and agree to keep the existence and terms of this agreement and the circumstances concerning the termination of your employment confidential, save where such disclosure is to HM Revenue & Customs, required by law or (where necessary or appropriate) to:

(a) your spouse, civil partner or partner, immediate family or legal or professional advisers, provided that they agree to keep the information confidential; or

(b) your insurer for the purposes of processing a claim for loss of employment; or

(c) your recruitment consultant or prospective employer to the extent necessary to discuss your employment history.

13.2 The Company may also disclose the existence and terms of this agreement to its officers, employees, insurers, or legal or professional advisers or those of any other Group Company, provided that they agree to keep the information confidential.

13.3 You shall not make any adverse or derogatory comment about the Company or any Group Company, its directors or employees and the Company shall use reasonable endeavours to ensure that its officers shall not make any adverse or derogatory comment about you. You shall not do anything which shall, or may, bring the Company or any Group Company, its directors or employees into disrepute and the Company shall use reasonable endeavours to ensure that its officers shall not do anything which shall, or may, bring you into disrepute.

13.4 Nothing in this Clause 13 shall prevent you or any of our officers, employees, workers or agents from making a protected disclosure under section 43A of the Employment Rights Act 1996.

13.5 Nothing in this clause 13 shall prevent you or us (or any of our officers, employees, workers or agents) from:

(a) reporting a suspected criminal offence to the police or any law enforcement agency or co-operating with the police or any law enforcement agency regarding a criminal investigation or prosecution;

(b) doing or saying anything that is required by HMRC or a regulator, ombudsman or supervisory authority[, including the FCA and the PRA];

(c) whether required to or not, making a disclosure to, or co-operating with any investigation by, HMRC or a regulator, ombudsman or supervisory authority[, including the FCA and the PRA] regarding any misconduct, wrongdoing or serious breach of regulatory requirements (including giving evidence at a hearing);

(d) complying with an order from a court or tribunal to disclose or give evidence;

(e) disclosing information to HMRC for the purposes of establishing and paying (or recouping) tax and National Insurance liabilities arising from your employment or its termination; or

(f) making any other disclosure as required by law

14. Entire agreement and Variation

14.1 This agreement sets out the entire agreement between the parties and shall be in substitution for, and shall supersede, any prior agreement, arrangement or understanding (whether oral or written) relating to the subject matter of this agreement. In entering into this agreement neither party has relied on any statement, representation, assurance or warranty other than as expressly set out in this agreement.

14.2 No variation of this agreement shall be valid unless it is in writing and signed by or on behalf of each of the parties.

15. Third party rights

15.1 The Company enters into this agreement for itself and as agent and trustee for all Group Companies and it is authorised to do so.

15.2 Each Group Company and any officer, employee or agent of the Company and each Group Company may enforce any rights they have under this agreement, subject to and in accordance with the Contracts (Rights of Third Parties) Act 1999.

15.3 This agreement may be varied, suspended or terminated by agreement in writing between the parties or this agreement may be rescinded (in each case), without the consent of any third party.

16. Governing law and jurisdiction

This agreement and any non-contractual obligations arising from or connected with it shall be governed by and construed in accordance with the law of England and Wales. Each party irrevocably agrees to submit to the exclusive jurisdiction of the courts of England and Wales over any claim or matter arising under or in connection with this agreement.

17. Subject to contract and without prejudice

This agreement shall be deemed to be without prejudice and subject to contract until such time as it is signed by both parties and dated, when it shall be treated as an open document evidencing a binding agreement.

18. Counterparts

This agreement may be executed in any number of counterparts, each of which, when executed, shall be an original, and all the counterparts together shall constitute one and the same instrument.

This agreement has been entered into on the date stated at the beginning of it.

Schedule 1
Calculation of the statutory redundancy payment

Start date: [DATE]
Termination date: [DATE]
Period of continuous employment: [NUMBER] years
Age at termination: [NUMBER] years
Gross weekly salary: £[AMOUNT]
Statutory cap on weekly salary: £[AMOUNT]
[NUMBER] years at one and a half times gross weekly salary: £[AMOUNT]
[NUMBER] years at one times gross weekly salary: £[AMOUNT]
[NUMBER] years at half gross weekly salary: £[AMOUNT]
Total: £[AMOUNT]

Schedule 2
Claims

1. Claims:

18.1 for breach of contract or wrongful dismissal;

18.2 for unfair dismissal, under section 111 of the Employment Rights Act 1996;

18.3 in relation to the right to a written statement of reasons for dismissal, under section 93 of the Employment Rights Act 1996;

18.4 for a statutory redundancy payment, under section 163 of the Employment Rights Act 1996;

18.5 in relation to an unlawful deduction from wages or unlawful payment, under section 23 of the Employment Rights Act 1996;

18.6 for unlawful detriment, under section 48 of the Employment Rights Act 1996 or section 56 of the Pensions Act 2008;

18.7 in relation to written employment particulars and itemised pay statements, under section 11 of the Employment Rights Act 1996;

18.8 in relation to guarantee payments, under section 34 of the Employment Rights Act 1996;

18.9 in relation to suspension from work, under section 70 of the Employment Rights Act 1996;

18.10 in relation to parental leave, under section 80 of the Employment Rights Act 1996;

18.11 in relation to a request for flexible working, under section 80H of the Employment Rights Act 1996;

18.12 in relation to time off work, under sections 51, 54, 57, 57B, 57ZC, 57ZF, 57ZH, 57ZM, 57ZQ, 60, 63 and 63C of the Employment Rights Act 1996;

18.13 in relation to working time or holiday pay, under regulation 30 of the Working Time Regulations 1998 (*SI 1998/1833*);

18.14 in relation to the national minimum wage, under sections 11, 19D and 24 of the National Minimum Wage Act 1998;

18.15 for equal pay or equality of terms under sections 120 and 127 of the Equality Act 2010;

18.16 for pregnancy or maternity discrimination, direct or indirect discrimination, harassment or victimisation related to sex, marital or civil partnership status, pregnancy or maternity or gender reassignment under section 120 of the Equality Act 2010;

18.17 for direct or indirect discrimination, harassment or victimisation related to race under section 120 of the Equality Act 2010;

18.18 for direct or indirect discrimination, harassment or victimisation related to disability, discrimination arising from disability, or failure to make adjustments under section 120 of the Equality Act 2010;

18.19 for direct or indirect discrimination, harassment or victimisation related to religion or belief under section 120 of the Equality Act 2010;

18.20 for direct or indirect discrimination, harassment or victimisation related to sexual orientation, under section 120 of the Equality Act 2010;

18.21 for direct or indirect discrimination, harassment or victimisation related to age, under section 120 of the Equality Act 2010;

18.22 for less favourable treatment on the grounds of part-time status, under regulation 8 of the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 (*SI 2000/1551*);

18.23 for less favourable treatment on the grounds of fixed-term status or a declaration of permanent employment, under regulations 7 and 9 of the Fixed-Term Employees (Prevention of Less Favourable Treatment) Regulations 2002 (*SI 2002/2034*);

18.24 under regulations 27 and 32 of the Transnational Information and Consultation of Employees Regulations 1999 (*SI 1999/3323*);

18.25 under regulations 29 and 33 of the Information and Consultation of Employees Regulations 2004 (*SI 2004/3426*);

18.26 under regulations 45 and 51 of the Companies (Cross-Border Mergers) Regulations 2007 (*SI 2007/2974*);

18.27 under paragraphs 4 and 8 of the Schedule to the Occupational and Personal Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006 (*SI 2006/349*);

18.28 under sections 68A, 87, 137, 145A, 145B, 146, 168, 168A, 169, 170, 174, 189 (for failure to comply with a requirement of section 188A) and 192 of, and paragraph 156 of Schedule A1 to, the Trade Union and Labour Relations (Consolidation) Act 1992;

18.29 in relation to the obligations to elect appropriate representatives or any entitlement to compensation, under the Transfer of Undertakings (Protection of Employment) Regulations 2006 (*SI 2006/246*);

18.30 in relation to the right to be accompanied under sections 11 and 12 of the Employment Relations Act 1999;

18.31 in relation to refusal of employment, refusal of employment agency services and detriment under regulations 5, 6 and 9 of the Employment Relations Act 1999 (Blacklists) Regulations 2010 (*SI 2010/493*);

18.32 in relation to the right to request time off for study or training under section 63I of the Employment Rights Act 1996;

18.33 in relation to the right to equal treatment, access to collective facilities and amenities, access to employment vacancies and the right not to be subjected to a detriment under regulations 5, 12, 13 and 17(2) of the Agency Workers Regulations 2010 (*SI 2010/93*);

18.34 in relation to the right to a written statement and the right not to be unfairly dismissed or subjected to detriment under regulations 4 and 5 of the Agency Workers (Amendment) Regulations 2019 (*SI 2019/724*);

18.35 in relation to personal injury, of which you are or ought reasonably to be aware at the date of this Agreement

18.36 for harassment under the Protection from Harassment Act 1997;

18.37 for failure to comply with obligations under the Human Rights Act 1998;

18.38 for failure to comply with obligations under the Data Protection Act 1998, the Data Protection Act 2018, the General Data Protection Regulation ((EU) 2016/679) [as it has effect in EU law], or the UK GDPR as defined in section 3(10) and section 205(4) of the Data Protection Act 2018;

18.39 arising as a consequence of the United Kingdom's membership of or withdrawal from the European Union, including but not limited to any claim arising under EU treaties or EU legislation as given effect in England and Wales until 11pm on 31 December 2020, and any claim under the European Union (Withdrawal) Act 2018, the European Union (Withdrawal Agreement) Act 2020 or the European Union (Future Relationship) Act 2020;

18.40 arising under retained EU law as defined in section 6(7) of the European Union (Withdrawal) Act 2018;

18.41 in relation to the right not to be subjected to a detriment under regulation 3 of the Exclusivity Terms in Zero Hours Contracts (Redress) Regulations 2015 (*SI 2015/2021*); and

18.42 in relation to the right not to be subjected to a detriment under regulation 8 of the Exclusivity Terms for Zero Hours Workers (Unenforceability and Redress) Regulations (*SI 2022/1145*)

2. [include reference to any other statutory employment protection introduced since the date of the Severance Benefit Agreement].

Schedule 3
Adviser's certificate

Dear Sirs,

I am writing in connection with the agreement between my client, [Name], and Moog Controls Limited (**Company**) of today's date (**Agreement**) to confirm that:

1. **I, [NAME] of [FIRM], whose address is [ADDRESS], am a Solicitor who holds a current practising certificate.**

2. **I have given [NAME] legal advice on the terms and effect of the Agreement and, in particular, its effect on his ability to pursue the claims specified in Schedule 2 of the Agreement.**

3. **I gave the advice to [NAME] as a relevant independent adviser within the meaning of the acts and regulations referred to at clause 7.7 of the Agreement.**

4. **There is now in force (and was in force at the time I gave the advice referred to above) a policy of insurance or an indemnity provided for members of a profession or professional body covering the risk of claim by [NAME] in respect of loss arising in consequence of the advice I have given him.**

Yours faithfully

Signature of Adviser:

Name of Adviser (print):

Name of Firm:

Address of Firm:

Date:

Exhibit 31.1

Certification of Chief Executive Officer pursuant to Exchange Act Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Pat Roche, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Moog Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date <u>August 8, 2024</u>

<u>/s/ Pat Roche</u>
Pat Roche
Chief Executive Officer

Exhibit 31.2

Certification of Chief Financial Officer pursuant to Exchange Act Rule 13a-14(a) as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Jennifer Walter, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Moog Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date August 8, 2024

/s/ Jennifer Walter
Jennifer Walter
Chief Financial Officer

Exhibit 32.1

Certification pursuant to
18 U.S.C. Section 1350,
as adopted pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officers of Moog Inc. (the “Company”) hereby certify that:

The Company’s Quarterly Report on Form 10-Q for the quarter ended June 29, 2024 fully complies with the requirements of section 13(a) or 15(d) of the Securities and Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 8, 2024

/s/ Pat Roche
Pat Roche
Chief Executive Officer

/s/ Jennifer Walter
Jennifer Walter
Chief Financial Officer

This certification shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent specifically incorporated by the Company into such filing.