

CUBIC CORP /DE/  
Form DEF 14A  
January 09, 2014

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

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**CUBIC CORPORATION**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**2014**      **NOTICE OF ANNUAL MEETING OF SHAREHOLDERS AND  
PROXY STATEMENT**

**SPECIAL NOTE TO  
SHAREHOLDERS HOLDING SHARES  
WITH THEIR BROKER**

**THE NEW YORK STOCK EXCHANGE PROHIBITS YOUR BROKER FROM VOTING YOUR SHARES IN ELECTIONS FOR DIRECTORS ON EXECUTIVE COMPENSATION MATTERS AND ON OTHER SPECIFIED MATTERS UNLESS YOU GIVE YOUR BROKER WRITTEN INSTRUCTIONS IN EACH CASE ON HOW YOU WANT YOUR SHARES VOTED. *YOUR VOTING DESIRES WILL NOT BE COUNTED UNLESS YOU DO THIS.* PLEASE EXPRESS YOUR OPINION AND HELP US CONTINUE TO ELECT DIRECTORS AND APPROVE OTHER MATTERS BY AN OVERWHELMING MAJORITY OF OUR SHAREHOLDERS.**

*Thank you* for your participation.

The Board of Directors

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**PRINCIPAL EXECUTIVE OFFICE**  
**9333 Balboa Avenue**  
**San Diego, California 92123**

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To Cubic Shareholders:

Cubic Corporation's 2014 Annual Meeting will be held in the Main Conference Room at the Headquarters of the Company, at 9333 Balboa Avenue, San Diego, California 92123, on February 18, 2014, at 11:30 a.m. Pacific Time. The formal notice and proxy statement follow.

The Directors and Officers of the Company invite your attendance at the meeting. Whether or not you plan to attend the meeting, we would appreciate your completing and returning the accompanying proxy which, of course, may be revoked at any time before it is used.

The Company's 2013 Annual Report is enclosed.

Sincerely yours,

Walter C. Zable  
*Executive Chairman of the Board*

January 9, 2014

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**TO ENSURE YOUR REPRESENTATION AT THE MEETING,  
PLEASE DATE, SIGN AND MAIL PROMPTLY  
THE ENCLOSED PROXY, FOR WHICH  
A RETURN ENVELOPE IS PROVIDED.  
YOU MAY ALSO VOTE BY  
TELEPHONE OR ONLINE. SEE  
ATTACHED INSTRUCTIONS FOR VOTING.**

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**NOTICE OF ANNUAL MEETING**

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The 2014 Annual Meeting of Shareholders of Cubic Corporation will be held in the Main Conference Room at the Headquarters of the Company, at 9333 Balboa Avenue, San Diego, California 92123, on February 18, 2014, at 11:30 a.m. Pacific Time, for the following purposes:

1. To elect six Directors for the ensuing year: Walter C. Zable, William W. Boyle, Bruce G. Blakley, Edwin A. Guiles, Robert S. Sullivan and John H. Warner, Jr.;
2. To consider and vote upon, on an advisory basis, the compensation of the Company's executive officers;
3. To confirm the appointment of Ernst & Young LLP as auditors of the Company for fiscal year 2014; and
4. To transact such other business as may properly come before the meeting or any adjournments or postponements of the meeting.

Only shareholders of record at the close of business on December 18, 2013 will be entitled to vote at the meeting. The transfer books will not be closed.

By Order of the Board of Directors

James R. Edwards  
*Secretary*

San Diego, California  
January 9, 2014

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**PRINCIPAL EXECUTIVE OFFICE**  
**9333 Balboa Avenue**  
**San Diego, California 92123**

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**PROXY STATEMENT**

We encourage your personal attendance.

Proxies in the form enclosed and/or as shown at [www.proxyvote.com](http://www.proxyvote.com) are solicited by the Board of Directors for use at the Annual Meeting of Shareholders to be held in San Diego, California, on February 18, 2014, and at any adjournments or postponements of the meeting. Execution of a proxy will not in any way affect a shareholder's right to attend the meeting and vote in person, and any shareholder giving a proxy has the right to revoke it at any time before it is exercised, by filing with the Secretary of the Company a written revocation or duly executed proxy bearing a later date. The proxy will be suspended if the shareholder is present at the meeting and elects to vote in person.

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to Be Held on February 18, 2014.**

This proxy statement and our annual report are available electronically at [www.proxyvote.com](http://www.proxyvote.com).

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**OUTSTANDING SHARES AND VOTING RIGHTS**

A quorum of shareholders is required. A quorum exists if a majority of the outstanding shares are represented by shareholders present at the meeting or by proxy. Abstentions and broker non-votes will be counted towards the quorum requirement. 26,784,025 shares of our Common Stock were outstanding at December 18, 2013, which is the record date for voting.

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Each holder of common shares is entitled to one vote for each share. Votes will be counted by the Inspector of Elections. Abstentions will be counted towards the vote total for each proposal, and will have the same effect as "Against" votes. Advisory votes are not binding, but the Board will consider the outcome of such votes when making future decisions. Broker non-votes count to determine a quorum but otherwise have no effect and are not counted towards the vote total for any proposal. Proxies without authority to vote will also not be counted in votes cast.

There are no rights of appraisal or similar rights of dissenters with respect to any matter to be acted upon at the Annual Meeting.

The approximate date on which the proxy statement and form of proxy are first being sent to shareholders is January 9, 2014.

**OWNERSHIP OF COMMON STOCK**

The following table sets forth information regarding the beneficial ownership of our common stock as of December 18, 2013 for:

each person, or group of affiliated persons, known to us to own beneficially 5% or more of our outstanding common stock;

each of our directors;

each of our named executive officers; and

all of our directors and executive officers as a group.

We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission (the "SEC"). Under these rules, beneficial ownership of a class of capital stock includes any shares of such class as to which a person, directly or indirectly, has or shares voting power or investment power and also any shares as to which a person has the right to acquire such voting or investment power within 60 days through the exercise of any options, warrants or other rights. Shares subject to options, warrants or other rights are not deemed outstanding for the purpose of computing the percentage ownership of any other person. Except as indicated below and under applicable community property laws, we believe that the beneficial owners identified in this table have sole voting and investment power with respect to all shares shown below.

For the purpose of calculating the percentage of shares beneficially owned by any shareholder, this table lists applicable percentage ownership based on 26,784,025 shares of common stock outstanding as of December 18 2013.

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Unless otherwise indicated below, the address for each named director and executive officer is c/o Cubic Corporation, 9333 Balboa Avenue, San Diego, California 92123.

Name of Beneficial Owner	Shares beneficially owned	Percent Owned (%)
<b>5% Shareholders</b>		
Karen Zable Cox <sup>(1)(2)</sup>	2,521,639	9.4
Royce & Associates <sup>(3)</sup>	1,871,861	6.9
BlackRock Fund Advisors <sup>(4)</sup>	1,643,561	6.1
<b>Directors and Executive Officers</b>		
Walter C. Zable <sup>(1)(5)</sup>	3,005,945	11.2
Bruce G. Blakley <sup>(6)</sup>	6,217	*
William W. Boyle <sup>(7)</sup>	1,082,842	4.0
Bradley H. Feldmann <sup>(8)</sup>	808	*
Edwin A. Guiles <sup>(6)</sup>	6,217	*
Stephen O. Shewmaker <sup>(9)</sup>	4,526	*
Robert S. Sullivan <sup>(6)</sup>	6,217	*
John D. Thomas <sup>(7)(10)</sup>	1,082,310	4.0
John H. Warner, Jr. <sup>(6)</sup>	6,217	*
All Directors and Executive Officers as a Group (14 persons)	4,129,855	15.4

\*

Less than 1%.

(1)

Includes (a) 187,370 shares owned by the Zable QTIP Marital Trust dated 9/18/78, (b) 229,297 shares owned by The Survivor's Trust Created Under the Zable Trust dated 9/18/78, (c) 32,593 shares owned by the Zable Reverse QTIP Marital Trust dated 9/18/78, and (d) 16,108 shares owned by the Zable Non-QTIP Marital Trust dated 9/18/78, or collectively the Zable Trusts. Walter C. Zable and Karen Zable Cox are co-trustees of the Zable Trusts. Walter C. Zable and Karen Zable Cox share voting and investment power over the shares owned by the Zable Trusts, and each disclaims beneficial ownership of such shares except to the extent of his or her pecuniary interest therein.

(2)

Includes 120,000 shares owned by each of two trusts for Karen Zable Cox's two daughters. Ms. Cox shares voting and investment power over such shares as one of the two co-trustees of such trusts, and disclaims beneficial ownership of such shares except to the extent of her pecuniary interest therein.

(3)

Based solely on information contained in a Schedule 13F filed with the SEC for the period ending September 30, 2013 by Royce & Associates, LLC. The address of Royce and Associates, LLC is 745 Fifth Avenue, New York, NY 10151.

(4)

Based solely on information contained in a Schedule 13F filed with the SEC for the period ending September 30, 2013 by BlackRock Fund Advisors. The address of BlackRock Fund Advisors is 55 East 52<sup>nd</sup> Street, New York, NY 10055.

(5)

Includes 77,582 shares owned by each of three trusts for Walter C. Zable's three daughters and 2,307,831 shares owned by the Walter C. Zable Trust U/A/D dated 2/7/06. Mr. Zable has voting and investment power over such shares as the trustee of such trusts, and disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.

(6)

Includes 4,500 vested options to purchase common stock.

(7)

Includes 1,075,682 shares owned by the Walter J. and Betty C. Zable Foundation (the "Foundation"). William W. Boyle and John D. Thomas share voting and investment power



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over such shares as two of the four members of the board of directors of the Foundation, but have no pecuniary interest in such shares, and each disclaims beneficial ownership of such shares.

- (8) Includes 808 shares held in the Feldmann Family Trust Dated 04/20/12. Mr. Feldmann shares voting and investment powers over such shares as one of the two co-trustees of such trust, and disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein.
- (9) Includes 506 shares held in Mr. Shewmaker's IRA account and 4,020 shares held in the Shewmaker Family Trust.
- (10) Includes 1,139 shares owned indirectly through Mr. Thomas' 401(k); 969 shares held in the John David Thomas 1998 Trust, and 4,520 shares held in the Thomas Family 2009 Trust.

**ELECTION OF DIRECTORS**

Our Board of Directors has six members who are to be elected by a plurality vote at the Annual Meeting, each to hold office for one year and until his successor is elected. The Nominating and Corporate Governance Committee and the Board have unanimously recommended the election of the six Directors listed below. Four nominated Directors are independent ("Independent Directors") and two are executive employees of the Company. Proxy holders will, unless authorization to do so is withheld, vote the proxies received by them for the election of the listed Directors, in accordance with this proxy authorization, reserving the right, however, to distribute, in their discretion, their votes of uncommitted proxies among the Board nominees. The proxies cannot be voted for a greater number of persons than the number of nominees named. Although it is not contemplated that any nominee will be unable to serve as a Director, in such event the proxies will be voted by the proxy holders for such other persons as may be designated by the Board of Directors.

**THE BOARD OF DIRECTORS**

**Charters**

The Company's Corporate Governance Guidelines and the Charters of the Audit and Compliance Committee, the Executive Compensation Committee and the Nominating and Corporate Governance Committee, the Ethical Conduct Policies, including those applicable to our principal executive, financial and accounting officers, and our Conflicts of Interest Policy, are all available on our website: [cubic.com/Investor-Relations/Corporate-Governance](http://cubic.com/Investor-Relations/Corporate-Governance).

**Director Compensation**

Independent Directors receive an annual retainer of \$30,000, the Lead Independent Director receives an additional annual retainer of \$25,000, the Chairman of the Audit and Compliance Committee receives an additional annual retainer of \$10,000, the Chairman of the Compensation Committee receives an additional annual retainer of \$7,500, the Chairman of the Nominating and Governance Committee receives an additional annual retainer of \$5,000. In November 2013, the Board formed a new committee, the Classified Business Oversight Committee. The Executive Compensation Committee approved the payment of an additional annual retainer of \$5,000 to the Chairman of the Classified Business Oversight Committee beginning in fiscal 2014. Each Independent Director also receives fees of \$2,000 for attendance at each meeting of the Board and \$1,000 for attendance at each meeting of any Committee of which the Director is a member. In fiscal year 2013 the Independent Directors each also received \$5,000 for attending a week-long briefing and demonstrations in the United Kingdom regarding business operations in Europe.

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Independent Directors also participate in the Company's equity plans. Each Independent Director was granted options to purchase 4,500 shares of common stock upon his initial election to the Board with an exercise price equal to the fair market value on the date of the grant; those options are fully vested for all directors. In fiscal year 2013, each Independent Director received a grant of 3,428 restricted stock units, which vest in two equal installments on October 1, 2013 and 2014. These restricted stock units will also vest in full upon a change in control of the Company.

Employee-directors receive no additional compensation for their service as Directors. All Independent Directors are reimbursed for travel expenses. Directors are also allowed to defer some or all of their compensation. One director elected to defer all compensation.

**Independent Director Compensation****Fiscal Year 2013<sup>(1)</sup>**

The following table sets forth a summary of the compensation paid to our Independent Directors pursuant to the Company's compensation policies for the 2013 fiscal year.

Name	Fees Earned or Paid in Cash (\$) <sup>(1)</sup>	Stock Awards (\$) <sup>(2)</sup>	Change in Pension Value and Nonqualified Deferred Compensation Earnings		Total (\$)
				(\$) <sup>(3)</sup>	
Bruce G. Blakely	72,000	150,000	0	0	222,000
Edwin A. Guiles	62,000	150,000	0	0	212,000
Robert S. Sullivan	93,500	150,000	0	0	243,500
John H. Warner, Jr	65,000	150,000	0	0	215,000

(1) Employee directors receive no additional compensation for such service and are not included in this table.

(2) This column represents the aggregate grant date fair value, calculated in accordance with SEC rules, of restricted stock granted in fiscal 2013. These amounts generally reflect the amount that the Company expects to expense in its financial statements over the award's vesting schedule, and do not correspond to the actual value that will be realized by the Independent Directors. For additional information on the valuation assumptions used in the calculation of these amounts, refer to note 1 to the financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2013, as filed with the SEC. The aggregate number of shares of restricted stock units outstanding as of September 30, 2013 for each Independent Director was as follows: Mr. Blakley (3,428); Mr. Guiles (3,428); Dr. Sullivan (3,428); and Dr. Warner (3,428). As of September 30, 2013, each of our Independent Directors held vested options to purchase 4,500 shares of the Company's common stock.

(3) In fiscal 2013, one of the independent directors elected to participate in the Non-qualified Deferred Compensation Plan. No earnings are reported in the Independent Director Compensation Table because the earnings are not above market or preferential.

**Meetings**

The Board met nine times last fiscal year. Each of the incumbent Directors attended all Board meetings, except Dr. Sullivan was unable to attend one Board meeting. All members attended at least 75% of all meetings of Board committees on which they served.

Independent Directors regularly meet without management present at the conclusion of each regular Audit and Compliance Committee meeting and at other times as necessary. The Lead Independent Director, Dr. Sullivan, chairs these sessions.

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The Board of Directors encourages its members to attend the Annual Meeting of Shareholders. The 2013 annual meeting was attended by all incumbent directors.

**THE BOARD OF DIRECTORS RECOMMENDS YOU VOTE "FOR" EACH OF THE SIX NOMINEES LISTED BELOW.**

**Management Directors**

Walter C. Zable, 67, Director since 1976. Executive Chairman of the Board.

William W. Boyle, 79, Director since 1995.

**Independent Directors**

The Nominating Committee has determined and the Board has agreed that the following Independent Directors meet the independence standards of New York Stock Exchange and the categorical independence standards adopted by the Company's Board as defined in the Company's Corporate Governance Guidelines.

Bruce G. Blakley, 68, Director since 2008.

Edwin A. Guiles, 64, Director since 2008.

Robert S. Sullivan, Ph.D., 69, Director since 2004.

John H. Warner, Jr., Ph.D., 72, Director since 2007.

**Special Board Qualifications**

The Nominating Committee and the Board believe the nominees are qualified to serve and should be elected in light of our business and structure because of the following specific experience, qualifications, attributes or skills.

**Walter C. Zable.** Mr. Zable is Executive Chairman of Cubic Corporation's Board of Directors (Board). He was appointed to the position in June 2012 and has served as a Director and Vice Chairman of the Board since 1976. Mr. Zable is a member of the Classified Business Oversight Committee. He also served as Vice President of Cubic from 2003 to June 2012, and Chairman of the Board of Cubic Transportation Systems, Inc., a wholly-owned subsidiary of Cubic from 2003 to June 2012. Beginning in 1976, he held a variety of management positions with increasing responsibilities in the defense segment, and most recently with the Company's transportation subsidiary. He is the son of the late Walter J. Zable, founder of Cubic. Mr. Zable's extensive knowledge of the Company and his wealth of experience in the technology industry provide him with the background to be the Executive Chairman of the Board.

**Bruce G. Blakley.** Mr. Blakley is an Independent Director and assumed this role in 2008. He is a CPA and is Chairman of Cubic's Audit and Compliance Committee and is the Company's Audit Committee Financial Expert. He also is a member of the Executive Compensation Committee. Mr. Blakley was an audit partner and, from 1996 to 1998, was Managing Partner in the San Diego office of the national accounting firm Coopers & Lybrand (PricewaterhouseCoopers since 1998). He was employed there in auditing private and public companies and consulting with their boards of directors and executives for 32 years until his retirement in 2005. He maintains his CPA license and teaches at the University of California, San Diego. He has been a Director and Chair of the Audit Committee of Excel Trust, Inc. since April 2010. In 2007 he completed two years of service as Board Chair of The San Diego Foundation, a non-profit organization with over \$575 million in assets. He has also been Chair of its Finance, Audit and Executive Committees, and a Director for 14 years. Mr. Blakley's public, private and non-profit business experience and his academic experience provide him with the background to be a very important member of our Board, particularly regarding financial matters of Cubic.

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**William W. Boyle.** Mr. Boyle is Chief Executive officer of Cubic Corporation. Prior to assuming this role in January 2013, he served as Chief Financial Officer since 1983. From June 2012 to January 2013, he served as Interim President and Chief Executive Officer, and Executive Vice President and Chief Financial Officer. He has served as a Director since 1995. Previously, Mr. Boyle held financial management positions with General Electric, Occidental Petroleum, and the Wickes Corporation. Mr. Boyle's extensive experience in financing, banking relationships, human resources, management of legal issues and strategic planning provide him with the background to be a very important member of the Board.

**Edwin A. Guiles.** Mr. Guiles is as an Independent Director who serves on the Audit and Compliance Committee and the Executive Compensation Committee. He retired in 2009 as Executive Vice President Corporate Development of Sempra Energy, a Fortune 400 company. From 2000 to 2006 Mr. Guiles was Chairman and CEO of Sempra Energy's utilities San Diego Gas & Electric Company (SDG&E) and Southern California Gas Company. He held a variety of management positions since joining SDG&E in 1972. At SDG&E he held increasingly important jobs including managing its natural gas pipeline transmission system, and administration of its 20% ownership interest in the San Onofre Nuclear Generating System. Since 2008, he has also been a director of the California Water Service Group. As an executive in a highly regulated industry, he brings unique governmental relations experience to the Board. He is also very knowledgeable in risk management, which is attracting close scrutiny at this time. Mr. Guiles' public and non-profit business experience provides him with the background to be a very important member of the Board, particularly regarding financial, risk and government related matters for Cubic.

**Robert S. Sullivan, Ph.D.** Dr. Sullivan is the Lead Independent Director and has served in this role since 2004. He is Chairman of the Executive Compensation Committee and member of the Audit and Compliance Committee. Since 2003 he has been Dean, Rady School of Management, University of California, San Diego. He also serves as a Director for American Assets Trust, Inc., which became a publicly traded company in January 2011. From 1998 through 2002 he was Dean, Kenan-Flagler Business School, University of North Carolina, Chapel Hill. Between 1976 and 1998 Dr. Sullivan served in a variety of senior positions at the University of Texas and at Carnegie Mellon University. He was a Director of Stewart and Stevenson Services, Inc. and Chairman of its board of directors from 1999 to 2003. He also served on its Compensation, Audit, Executive and Nominating Committees from 1992 to 2006 when it was acquired and became a subsidiary of Armor Holdings. Prior to its acquisition this publicly held company was a designer and manufacturer of tactical vehicle systems for the U.S. military. At that time it employed 1,245 people and its fiscal 2006 sales exceeded \$726 million. Dr. Sullivan was honored as Director of the Year for 2012 in the category of Corporate Governance by the Corporate Directors Forum. Dr. Sullivan's public and private business and board experience and his academic executive experience provide him with the background to be a very important member of the Board.

**John H. Warner, Jr., Ph.D.** Dr. Warner is an Independent Director who has served on the Board since 2007. He is a member of the Audit and Compliance Committee and Chairman of both the Nominating and Corporate Governance Committee and the Classified Business Oversight Committee. He retired in June 2007 from Science Applications International Corporation (SAIC) where he was a director for 18 years and Executive Vice President and Chief Administrative Officer, having begun employment there in 1973. At SAIC he advanced to positions with increasing line responsibilities including executive management and EVP of organizations with more than 13,500 employees and annual revenues over \$1.6 billion. During his career at SAIC, he was responsible for starting and growing the military training business for the U.S. Army and Navy as well as international customers, a very important business area for Cubic. Prior to SAIC, he was employed by TRW for about 6 years in military software development and systems analysis business. His business experience is mainly in the areas of systems integration, software development and information technology, electronics, communications, security and service support, all important areas for Cubic. His experience includes

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contract activities and product sales for both domestic and international government customers and some commercial businesses. Dr. Warner has direct experience with many of Cubic's current customers as well as customers Cubic seeks to obtain. Dr. Warner also served six years as a member of the Board of Trustees for Scripps Health, a \$2.5 billion per year San Diego healthcare company. He chaired its Compensation and Human Resources Committee and was a member of its Finance and Investment Committees. He currently serves on the board of directors of TREX Enterprises, a small private defense and homeland security R&D company, and ICW Group, a private insurance company. At ICW Group, he is a member of the Audit Committee. Dr. Warner's business experience and his public and private company board experience provide him with the background to be a very important member of the Board.

**Board Committee Members**

Name	Audit & Compliance	Nominating & Corporate Governance	Executive Compensation	Classified Business Oversight Committee
Bruce G. Blakley	*X		X	
Edwin A. Guiles	X		X	
Robert S. Sullivan	X	X	*X	
John H. Warner, Jr.	X	*X		*X
Walter C. Zable				X
William W. Boyle				

\*

Chairman

**Communications with Directors**

Any interested person may communicate in writing by mail at any time with the whole board, the Independent Directors or any individual Director addressed to "Board of Directors" or "Independent Directors" or to a named director, c/o Corporate Secretary, 9333 Balboa Avenue, San Diego, CA 92123 or by e-mail to CorporateSecretary@Cubic.com. All communications will be promptly relayed to the appropriate directors. The Corporate Secretary will coordinate responses, if any.

**EXECUTIVE OFFICERS**

In addition to the Directors who are executive officers, the following executive officers also serve at the pleasure of the Board:

**Bradley H. Feldmann, 52.** Mr. Feldmann is President and Chief Operating Officer of Cubic Corporation. He was named to the position in January 2013. Prior to that, he was President of the companies comprising the Cubic Defense Systems (CDS) segment, a role he assumed in 2008. From 1989 to 1999, he held progressively responsible positions with CDS including Senior Vice President and Chief Operating Officer (COO). From 1999 to 2000, Mr. Feldmann served as Senior Corporate Vice President and COO at Comptek Research Inc. From 2000 to 2004, he served as Executive Corporate Vice President and President of ManTech International Information Technology Group. From 2005 to 2006, Feldmann was President and CEO of U.S. Protect Corporation, and from 2006 to 2008, he served as COO of OMNIPLEX World Services Corporation.

**John D. Thomas, 60.** Mr. Thomas is Executive Vice President and Chief Financial Officer of Cubic Corporation. He was appointed to the position in January 2013. In this role, Mr. Thomas is responsible for all aspects of the Company's financial strategies, processes and operations, including corporate development, risk management, investor relations, and corporate communications. Prior to his current position, Mr. Thomas served as Senior Vice President Finance and Corporate Development

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since June 2012. He has played a critical role in helping to build the Company through multiple acquisitions that have significantly diversified the Company and have been instrumental in helping to make the Company a leader in its three main operating business units, Cubic Transportation Systems (CTS), Mission Support Services (MSS) and CDS. In addition, he was instrumental in structuring and negotiating the largest contract in the Company's history for the Prestige (Oyster) smart card ticketing contract with Transport for London and other partners. He was Vice President Finance since 1994 and also Vice President Corporate Development since 2008. He has held a variety of corporate management positions with the Company since 1980. Prior to joining Cubic, he held positions with Aramark Corporation and Crocker Bank.

**Jimmie L. Balentine, 70.** Mr. Balentine is an Executive Vice President of Cubic Corporation, since March 2013, and has served as President of the companies comprising the MSS segment since 2003. Mr. Balentine is responsible for the development, management, and execution of Cubic's defense services business, worldwide. Mr. Balentine has in-depth experience in all aspects of providing services and operations support to meet government requirements. He has more than 28 years of related senior corporate experience ranging from program manager through senior executive levels of management. He joined Cubic in 1994 when Cubic acquired Titan Corporation's Applications Group, where he served as general manager of the group's largest operating division. Prior to joining Titan in 1987, he worked for the Logicon Corporation for five years as a business developer, program manager, and division general manager. Mr. Balentine served more than 23 years on active duty in the U.S. Army. As a commissioned officer he held key command and staff positions in organizational size from company through division levels, as well as in Special Operations Forces worldwide. He also served in key staff positions at Department of the Army and Joint Theater Command levels.

**Stephen O. Shewmaker, 63.** Mr. Shewmaker is an Executive Vice President of Cubic Corporation. He was named to the position in January 2013 and continues to serve as the President of the companies comprising the CTS segment, a role he assumed in 2008. He is a recognized international transit executive who has over 21 years of experience in the mass transit ticketing industry. He has worked with Cubic's CDS and CTS segments from 1982 to 2002 and 2006 to the present. Mr. Shewmaker was Chairman of TranSys, Ltd., a joint venture in the U.K. which managed the Prestige (Oyster) smart card ticketing contract with Transport for London and other partners. Cubic, along with Hewlett Packard, are the two major shareholders of TranSys. From 2003 to 2006, Mr. Shewmaker was Senior Vice President for Thales Transportation Systems. U.S. markets of interest for Thales included mass transit automatic fare collection, fleet management systems, toll road and parking revenue collection systems, advanced security systems, and managed services contracts related to transportation.

**David R. Schmitz, 50.** Mr. Schmitz is a Senior Vice President of Cubic Corporation since April 2013 and has served as President of the companies comprising the CDS segment since March 2013. Prior to that he served as Cubic Defense Applications' Chief Operating Officer from July 2012, when he joined the Company. Before joining Cubic, Mr. Schmitz held the position of Vice President and General Manager of Cobham Sensor System Microwave products. Prior to joining Cobham in 2003, he also held senior positions at Q-Bit, Remec Wireless, Humphrey and IBM.

**James R. Edwards, 62.** Mr. Edwards is Senior Vice President, General Counsel and Secretary of Cubic Corporation. He was appointed to the position in June 2012. Prior to his current position, he was Vice President General Counsel and Secretary since January 2012. He joined Cubic in February 2008 as the Vice President, General Counsel and Secretary of Cubic's CTS segment. Prior to joining Cubic, Mr. Edwards served as Senior Vice President and General Counsel of Kratos Defense, Senior Legal Counsel for Qualcomm Incorporated, Vice President, General Counsel and Secretary of General Atomics, and General Counsel and Secretary of Logicon, Inc.

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**Mark A. Harrison, 56.** Mr. Harrison is Senior Vice President and Corporate Controller of Cubic Corporation. He was appointed to the position in June 2012. His prior roles at Cubic include Vice President and Corporate Controller from 2004 to June 2012, Vice President Financial Planning and Accounting from 2000 to 2004, and Assistant Corporate Controller and Director of Financial Planning from 1991 to 2000. Since 1983, Mr. Harrison has held a variety of financial positions with Cubic. From 1980 to 1983 he was a Senior Auditor with Ernst & Young.

**Gregory L. Tanner, 55.** Mr. Tanner is Treasurer of Cubic Corporation and has served in this role since 2007. He was Assistant Treasurer from 1998 to 2007 and joined Cubic's Treasury Department in 1990. Prior to joining Cubic, Mr. Tanner worked as a financial analyst at San Diego Gas & Electric Company and at IMED Corporation.

**BOARD COMMITTEES**

**Audit and Compliance Committee**

In fiscal year 2013 all Independent Directors were members of this Committee which met six times. Each member is independent as defined under Section 303A.02 of the New York Stock Exchange Listed Company Manual, Section 10A-3 under the Securities Exchange Act of 1934, as amended, and in our Corporate Governance Guidelines and is financially literate. Mr. Blakley is our Audit Committee Financial Expert and has extensive accounting experience.

The Committee oversees the Company's financial reporting process. It is responsible for the appointment, retention and termination of the independent auditors and their compensation. It resolves any disputes between management and the auditors. It pre-approves all audit and non-audit services according to a written plan and budget submitted by the auditors. It meets at least quarterly with the auditors and reviews their periodic reports. The Committee discusses with the auditors the scope and plan for the audit and includes management in its review of accounting and financial controls, assessment of business risks and legal and ethical compliance programs.

No Independent Director has been a member of an audit committee of any other publicly-held company except Mr. Blakley who is Chair of an audit committee for a publicly held real estate investment trust. The trust is unrelated to Cubic and its subsidiaries and does not present any conflicts of interest for Cubic or the industry in which it operates.

**Report of the Audit and Compliance Committee**

*The material in this report is not "soliciting material," is not deemed "filed" with the Securities and Exchange Commission, and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.*

The Committee selected Ernst & Young LLP as the independent registered public accountants ("Accountants") of the Company for fiscal year 2013. The Committee has reviewed and discussed with management and the Accountants the audited financial statements of the Company for the fiscal year ended September 30, 2013. The Committee has also discussed with Accountants the matters required to be discussed by Statement on Auditing Standards No. 61, or the Codification of Statements on Auditing Standards, AU Section 380, and has received from Accountants the written disclosures and the letter required by the Public Company Accounting Oversight Board (Independence Discussions with Audit Committees), and has discussed with Accountants their independence.

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Based on its review of the audited financial statements for fiscal year 2013 and its discussions with management and the Accountants, the Committee recommended to our Board of Directors that the 2013 audited financial statements be included in the Company's Annual Report on Form 10-K.

*Audit and Compliance Committee*

Bruce G. Blakley, Chairman

Edwin A. Guiles

Dr. Robert S. Sullivan

Dr. John H. Warner, Jr.

**Executive Compensation Committee**

The Committee members are Dr. Robert S. Sullivan, Chairman, Bruce G. Blakley and Edwin A. Guiles. The Committee met three times during fiscal 2013. Each of the members of the Committee is independent as defined under Section 303A.02 of the New York Stock Exchange Listed Company Manual.

The Committee's role is to establish and oversee the Company's executive compensation programs and to oversee the amounts set aside for annual bonus and profit sharing contributions. Members of the Committee annually review and approve goals and objectives relevant to compensation for the CEO, elected executive officers and principal officers of principal subsidiaries, evaluate each executive's performance in light of those goals and objectives, and either as a committee or together with the other independent directors of the Board, determine and approve the executives' compensation based on that evaluation.

**Compensation Committee Interlocks and Insider Participation**

During fiscal year 2013, Dr. Sullivan and Messrs. Blakley and Guiles did not serve either as a director or as a member of the compensation committee of any other entity whose executive officers served either as a director or as a member of the Executive Compensation Committee of the Company. Therefore, there were no "interlocks" with other companies within the meaning of the proxy rules of the Securities Exchange Commission. No member of the Committee is a former or current officer or employee of Cubic or any of its subsidiaries. See also the section "Executive Compensation and Other Information" later herein.

**Nominating and Corporate Governance Committee**

The Committee members are Dr. John H. Warner, Jr., Chairman, and Dr. Robert S. Sullivan. The Committee held one meeting during fiscal 2013. The Committee's policy is to consider recommendations of shareholders which are received by the Corporate Secretary at least 120 days prior to one year from the date of the mailing of Notice of the previous annual meeting of shareholders. Recommendations of candidates who have at least 20 years of management and defense or transportation industry experience with a company with sales of at least 75% of that of Cubic, or who could bring appropriate diversity to the Board, or who possess other relevant qualifications (for example finance and accounting, marketing) would be preferred. If a vacancy in the Board occurs, the Committee seeks recommendations from the Board and senior management personnel. The Committee will also review any security holder recommendations on file. It screens and personally interviews appropriate candidates. Selected candidates may meet with additional Board members, certain members of management and the Chairman of the Board. The Committee evaluates responses and recommends to the full Board the name of any candidate it feels should become a nominee for election or appointment.



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The governance responsibilities of the Committee include tracking important legal and regulatory changes and new concepts in entity governance. Additionally, it is advised concerning the ethics and compliance training activities companywide supervised by the Senior Counsel, Ethics and Compliance and the Human Resources department.

In conjunction with the Audit and Compliance Committee and the Board, the Committee also addresses our legal compliance efforts in certain complex areas, such as export control, antitrust and foreign corrupt practices. It also oversees supervisor training topics. In conjunction with the Audit and Compliance Committee and the Board, it is cognizant of enterprise risk. In its analysis, enterprise risk does not necessarily include the hundreds of risks which, if encountered, could be mitigated without substantial harm to our business segments. Instead, the concern is to identify, and have a plan to respond to, those few issues which could seriously impact our, or one of our material divisions', short or long term ability to continue normal operations.

**Classified Business Oversight Committee**

In November 2013, the Classified Business Oversight Committee of the Board was formed and held its first meeting. The purpose of the Classified Business Oversight Committee is to provide oversight of the Company's business activities that for purposes of national security have been designated as classified by the United States government. Dr. Warner and Mr. Zable are the Board members who serve on this Committee. Dr. Warner is the Chairman. Mr. Feldmann, President and COO, also serves on this Committee.

**Risk Management**

The Audit Committee reviews and approves the procedures adopted and conclusions reached by our management Enterprise Risk Group ("ERG") and discusses with the chair of the ERG, or the ERG itself, major risk exposures and the steps that have been taken to monitor and control such exposures.

Matters of risk management are brought to the attention of the Audit Committee by the President, who chairs the ERG, and the Director of Internal Audit. The ERG reviews and assesses perceived risks to the enterprise as a whole and its three major subsidiaries. It works with relevant managers and develops mitigation and remediation plans. Periodic reports are made.

We have an ERG for the parent company and sub-groups for each of our major subsidiaries. Each group, led by the Chair, consists of its senior officers who meet periodically to identify, assess and rank the perceived severity of risks unique to their businesses. Appropriate mitigation plans and training will be implemented. To date, the ERG has not identified any risks, capable of control, which it believes cannot be reasonably controlled.

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**ADVISORY VOTE TO APPROVE EXECUTIVE OFFICER COMPENSATION**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THIS PROPOSAL**

The Board is seeking your approval, on an advisory basis, of the compensation of our named executive officers as disclosed in this proxy statement, including the Compensation Discussion and Analysis and other related tables and disclosure. Accordingly, the Board recommends that you vote "FOR" the following resolution:

*"Resolved, that the compensation of Cubic's named executive officers during fiscal year 2013, as described in its proxy statement for its 2014 Annual Meeting of Shareholders, including the Compensation Discussion and Analysis and other related tables and disclosure, is hereby approved."*

This proposal, commonly known as a "Say on Pay" proposal, gives you the opportunity to express your views on the Company's executive compensation practices. Because your vote is advisory, it will not be binding upon the Board. However, the Executive Compensation Committee will consider the outcome of the vote when making future executive compensation decisions. At our 2013 Annual Meeting, shareholders approved our Executive Compensation policies by a strong majority (99%: 22,768,416 shares) voted in favor, 119,064 shares voted against, and 50,721 shares abstained). We currently expect to bring a similar proposal to you at each annual meeting of shareholders.

As described more fully in the Compensation Discussion and Analysis herein, the Company evaluates executive officer compensation in several different ways, including reviewing market survey compensation data, reviewing customized compensation information for companies of comparable size and complexity and receiving advice and recommendations from the Chief Executive Officer. These multiple bases of review and evaluation ensure that our executive compensation is competitive yet closely tied to each executive officer's performance. Additionally, the Company's formula bonus program recognizes and rewards the success of executives who manage performance to achieve the short-term goals set for them every year by the Company and the Executive Compensation Committee.

The Board recognizes that there is considerable public discussion regarding appropriate approaches to compensation. However, the Board believes that the Company's executive compensation policies are balanced, appropriately focused on pay for performance principles, aligned with the long-term interests of our shareholders, and enable the Company to attract and retain experienced senior executives.

**EXECUTIVE COMPENSATION AND OTHER INFORMATION**

*Compensation Discussion and Analysis*

This Compensation Discussion and Analysis describes the Company's compensation philosophy and the objectives of the Company's compensation program for its executive officers, including the Named Executive Officers listed in the Summary Compensation Table below (the "NEOs") and how the Executive Compensation Committee oversees the executive compensation program. This Compensation Discussion and Analysis also describes the compensation determination process for fiscal year 2013 and how each element of compensation was determined.

*Overview and Objectives of Executive Compensation Program*

The Board recognizes that there is considerable public discussion regarding appropriate approaches to compensation. However, the Board believes that the Company's executive compensation policies are balanced, appropriately focused on pay for performance principles, aligned with the long-term interests of our shareholders, and enable the Company to attract and retain experienced senior executives.

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As described more fully in this Compensation Discussion and Analysis, the Company evaluates executive officer compensation in several different ways, including reviewing market survey compensation data, reviewing customized compensation information for companies of comparable size and complexity and receiving advice and recommendations from the Chief Executive Officer ("CEO"). These multiple bases of review and evaluation ensure that our executive compensation is competitive yet closely tied to each executive officer's performance. Additionally, the Company's formula bonus program recognizes and rewards the success of executives who manage performance to achieve the short-term goals set for them every year by the Company and the Executive Compensation Committee.

Prior to fiscal year 2013, we had two elements in our executive compensation plan: base salary and an annual performance bonus. In fiscal year 2013, the Executive Compensation Committee approved the addition of a long-term equity incentive award program for our executive officers, as an incentive for selected individuals to lead the Company in achieving long-term goals and to align their interests with the long-term interests of the Company's shareholders. The long-term equity incentive award program includes restricted stock units that vest based on the passage of time as well as restricted stock units that vest based on the Company's achievement of certain performance objectives over a three-year performance period.

*Setting Executive Compensation Role of the Executive Compensation Committee and Management*

The Executive Compensation Committee is responsible for overseeing our executive compensation program for all elected corporate principal officers, including the NEOs, for the senior officers of the Company's major business units and for our Independent Directors, as well as determining and approving ongoing compensation arrangements for our NEOs. In making its decisions, the Executive Compensation Committee receives, reviews, and acts on recommendations from the CEO regarding salary, bonus and equity compensation for all elected corporate principal officers including the NEOs and for the senior officers of its major business units. Our human resources department assists the CEO in the formulation of compensation recommendations to the Executive Compensation Committee, and other executive officers may provide relevant input. It evaluates and approves these compensation elements annually. With assistance from our independent compensation consulting firm, the Executive Compensation Committee sets amounts for the CEO's salary, bonus and equity compensation. If relatives of any director or elected corporate principal officer are also employees of the Company or any subsidiary, the Executive Compensation Committee also reviews salary and bonus recommendations for such individuals.

*Role of Compensation Consultant and Comparable Company Information*

Our Executive Compensation Committee has not historically established compensation levels based on benchmarking. Our Executive Compensation Committee has instead relied upon the judgment of its members in making compensation decisions after reviewing our performance and carefully evaluating an NEO's performance during the year against established goals, leadership qualities, operational performance, business responsibilities, career with our company, current compensation arrangements and long-term potential to enhance shareholder value.

However, in order to attract, retain and motivate senior executives, our annual compensation evaluation process does include a review of the salary and bonus practices of organizations of similar size, in comparable industries, and concerning individuals with relevant responsibilities and experience. The CEO and our human resources department support their recommendations regarding executive compensation with this competitive market data. For fiscal year 2013, executive compensation levels by job category were reviewed in the context of industry survey data provided by two independent consulting firms (Radford and Mercer), which surveys were subscribed to by our human resources department (which survey data is not customized for the Company). The companies included in these surveys have both a regional and national focus. Together, these surveys included data from

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approximately 2,200 companies and included data regarding both executive and non-executive salaries, bonuses and equity compensation. We do not instruct the providers of this data to significantly vary their reports from a standard format, the identities of the individual companies included in the surveys were not provided to the Executive Compensation Committee, and the Executive Compensation Committee did not refer to individual compensation information for such companies. Our objective is to obtain data from a broad spectrum of technology and defense companies and also from public companies of similar size in sales. Historical compensation for the individual is also considered. Commonly, annual executive salary adjustments are modest and in line with cost of living considerations.

While the Executive Compensation Committee reviewed the foregoing comparable company data in connection with its determinations of the fiscal year 2013 base salaries and target bonuses for our NEOs, the Executive Compensation Committee did not attempt to set those compensation levels or awards at a certain target percentile with respect to the comparable company data or otherwise rely entirely on that data to determine NEO compensation. Instead, as described above and consistent with past practice, the Executive Compensation Committee members relied on their judgment and experience in setting those compensation levels and making those awards. We expect that the Executive Compensation Committee will continue to review comparable company data in connection with setting the compensation we offer our NEOs to help ensure that our compensation programs are competitive and fair.

The Executive Compensation Committee is authorized to retain the services of one or more executive compensation advisors, as it sees fit, in connection with the oversight of our executive compensation program. During fiscal year 2013, the Executive Compensation Committee independently engaged and received advice from, and separately compensated, Towers Watson. Towers Watson provided the Executive Compensation Committee with advice regarding senior executive compensation and Independent Director compensation. Towers Watson was asked to survey similarly sized companies in similar businesses in respect of senior executive positions and responsibilities, taking into account the range of salary and bonus compensation without reference to perquisites and equity-based or related awards. They were also asked for input related to setting compensation for fiscal year 2014 and beyond and designing the new long-term equity incentive award program. Towers Watson also provided pension and actuarial services to the Company. After review and consultation with Towers Watson, the Executive Compensation Committee has determined that Towers Watson is independent and there is no conflict of interest resulting from retaining Towers Watson currently or during fiscal 2013. In reaching these conclusions, the Executive Compensation Committee considered the factors set forth in Exchange Act Rule 10C-1 and NYSE listing standards.

As part of its review, Towers Watson prepared an independent assessment of competitive compensation levels and incentive practices for the Company's senior executive positions for fiscal year 2013 and beyond. The review was based on the Radford and Mercer published survey data provided by our human resources department as well as proxy disclosures by a select group of relevant peer companies. The peer companies were selected by Towers Watson with review and input by the Executive Compensation Committee and senior management based on industry sector, size and performance. The objective was to have a group of companies sufficient in size and relevance to provide meaningful assessments of compensation levels and practices. The peer group of companies was also used in fiscal year 2013 in setting Independent Director Compensation, as described above

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under "The Board of Directors Director Compensation." The peers included the following 15 defense and technology companies.

AeroVironment, Inc.  
Ansys, Inc.  
CACI International, Inc.  
Ducommun Inc.  
Esterline Technologies Corp.  
HEICO Corp.  
iGATE Corporation  
Kratos Defense & Security Solutions, Inc.  
ManTech International Corporation  
Moog Inc.  
NCI, Inc.  
Teledyne Technologies Inc.  
Teradata Corporation  
Unisys Corporation  
ViaSat, Inc.

Because management and the Board believe our compensation policies are not reasonably likely to result in the incurrence of a material adverse financial or other effect, we have not had a policy requiring a return ("claw back") of bonus payments if our financial statements were required to be restated. Moreover, we believe our compensation policies and practices have not and will not impact our risk management objectives and do not create risks that are reasonably likely to have a material adverse effect on the Company.

*Response to the 2013 Say on Pay Vote*

In April 2013, we held a say-on-pay vote, and our shareholders overwhelmingly approved the compensation of our NEOs, with over 99% of shareholder votes cast in favor of our 2013 say-on-pay resolution (excluding abstentions and broker non-votes). As we evaluated our compensation practices and talent needs after this date, we were mindful of the strong support our shareholders expressed for our compensation philosophy. Following its annual review of our executive compensation practices following the annual meeting, the Executive Compensation Committee decided generally to retain the approach to executive compensation it had previously adopted for fiscal year 2012, although, as noted above, the Executive Compensation Committee did approve the addition of a long-term equity incentive award program to the Company's executive compensation program. Under this new long-term equity incentive award program, a portion of the equity awards granted to our NEOs will vest based on the Company's achievement of corporate performance objectives over a three-year performance period.

*Fiscal Year 2013 Executive Compensation Decisions*

The amount of each element of pay is determined annually taking into account factors including market rates of pay for each position, the alignment of duties as compared to market descriptions, individual performance and contribution and the overall performance of the Company versus objectives (see below for specific target description). A description of the executive compensation decisions with respect to fiscal year 2013 compensation for the NEOs is set forth below.

*Base Salary*

Base salaries for our executives are established based on individual factors such as the scope of their responsibilities, background, track record, training and experience, as well as competitive market compensation and the overall market demand for such executives at the time the respective employee

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agreements are negotiated. As with total executive compensation, we believe that executive base salaries should be competitive with the range of salaries for executives in similar positions and with similar responsibilities, although we have not historically benchmarked executive base salaries against a specific market comparison group. An executive's base salary is also evaluated together with components of the executive's other compensation to ensure that the executive's total compensation is consistent with our overall compensation philosophy.

In November 2012 the Executive Compensation Committee reviewed the base salaries of the NEOs and determined, after consultation with the CEO (with respect to the salaries of the other NEOs) and a review of the comparable company information described above, determined to increase the base salary of Mr. Boyle, Mr. Zable and Mr. Thomas by 5% over the fiscal year 2012 levels. The base salary of Mr. Shewmaker was increased by 6% and the base salary of Mr. Feldmann was not increased. Additionally, the following changes to base salaries were made in January 2013: the base salaries of Mr. Boyle, Mr. Feldmann and Mr. Thomas were increased by approximately 15%, 8% and 10% respectively due to their promotions that occurred in that month. The fiscal year 2013 base salaries and current titles for each of the NEOs are reflected in the Summary Compensation Table below.

*Annual Incentives*

Our executive compensation program includes eligibility for an annual performance-based cash bonus for all executives. Our annual bonuses emphasize pay-for-performance by providing our executives with the opportunity to receive performance bonuses based on corporate performance relative to those measures which are determined by the Executive Compensation Committee to be most likely to enhance shareholder value.

For fiscal year 2013, the CEO had a target bonus of 100% of salary and each of the other NEOs had a target bonus of 50% of salary. There is a floor of 10% of salary and a ceiling of one and one-half times the target bonus.

For fiscal year 2013, the NEOs were eligible to receive a fiscal year 2013 bonus if the financial performance of the Company met selected goals with relationship to sales, adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), return on net assets and earnings per share. The various performance objectives under the annual bonus plan are weighted depending on the Executive Compensation Committee's belief regarding the suitability of emphasis of each factor for that year's performance. The fiscal year 2013 bonus formula identified the major bonus element as earnings per share ("EPS") for the NEOs other than Mr. Shewmaker. The Executive Compensation Committee selected this element as the most heavily-weighted under the plan because the Company believes EPS to be a principal driver of the attractiveness of an equity investment in the Company. For Mr. Shewmaker, the major bonus element was Adjusted EBITDA for the transportation systems segment. For our fiscal year 2013 bonus plan, no leeway was provided to adjust goal amounts or percentage allocations depending on actual performance and the annual bonus determination was purely formulaic. We anticipate that the fiscal year 2014 annual bonus plan will be similar.

As the table below illustrates, each of the goals (except for return on net assets which was divided into two components, Adjusted EBITDA Margin and Net Operating Asset Turnover) is in excess of the Company's goals in these categories for fiscal year 2012. Target levels have usually been set to require attainable increases over the prior year's goals, neither very aggressive nor easy to achieve. The Executive Compensation Committee and management believe this approach specifically

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eliminates risk-taking business management tactics especially because failure to attain any target cannot be controlled by only a few individuals and it penalizes all participants.

Performance measures (In thousands, except per share data)	2012 Target	2012 Actual	2013 Weighting %	2013 Target	2013 Actual	2013 % of Target Earned
<b>Cubic Corporation</b>						
Sales	\$ 1,325,000	\$ 1,381,495	10%	\$ 1,375,000	\$ 1,360,723	98.96%
Adjusted EBITDA <sup>(1)</sup>	\$ 120,000	\$ 150,879	10%	\$ 126,600	\$ 112,616	88.95%
Return on Net Operating Assets	30.0%	49.3%				
Adjusted EBITDA <sup>(1)</sup> Margin			15%	9.21%	8.28%	89.90%
Net Operating Asset Turnover			15%	3.26	2.65	81.34%
Earnings Per Share	\$ 2.60	\$ 3.44	50%	\$ 2.87	\$ 0.74	25.78%
					Total	31.21%
<b>Cubic Transportation Systems</b>						
Sales			10%	\$ 510,000	\$ 519,889	101.94%
Adjusted EBITDA <sup>(1)</sup>			40%	\$ 60,000	\$ 68,298	113.83%
Return on Net Operating Assets			30%	30.0%	41.4%	137.94%
Earnings Per Share of Cubic Corporation			20%	\$ 2.87	\$ 0.74	25.78%
					Total	109.80%

(1) Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") is a non-GAAP performance measure management uses that excludes income taxes, capital structure related expenses, non-operating income and expenses, depreciation, amortization, and goodwill impairment charges. The following is a reconciliation of Adjusted EBITDA to net income:

In thousands	Years Ended September 30,	
	2013	2012
<b>Reconciliation:</b>		
Net income attributable to Cubic	\$ 19,798	\$ 91,900
Add:		
Provision for income taxes	14,205	38,183
Interest expense (income), net	1,839	(1,444)
Other expense (income), net	367	(821)
Noncontrolling interest in income of VIE	183	204
Depreciation and amortization	25,359	22,857
Impairment of goodwill	50,865	
<b>EBITDA</b>	<b>\$ 112,616</b>	<b>\$ 150,879</b>

The annual bonus formula for fiscal year 2013 provided that, for each 1% achievement above a performance goal, the bonus amount attributable to that performance goal would be increased by 2.5% to a maximum of an additional 50% of that portion of the bonus amount at an achievement of 20% above the performance goal. For each 1% shortfall in a performance goal the bonus amount

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attributable to that performance goal would be decreased by 3%, 4.5% or 5% (depending on the amount of shortfall) so that 75% achievement of any performance goal would result in no bonus award for that goal. The overall weighted percentage achievement relative to all performance goals for fiscal year 2013 was 31.21%, which percentage was then multiplied by each NEO's target bonus to determine his final fiscal year 2013 annual bonus. Mr. Shewmaker's bonus was based primarily on the operating results of the transportation systems segment and the overall weighted achievement relative to all his performance goals for fiscal year 2013 was 109.80%. Each NEO's fiscal year 2013 annual bonus award is disclosed in the Summary Compensation Table below.

*Long-Term Equity Incentive Award Program*

Historically, the Company's executive compensation plan has focused on two elements: base salary and an annual performance bonus. In consultation with Towers Watson, the Executive Compensation Committee's independent compensation consultant, the Executive Compensation Committee determined to include equity awards as an element of the executive compensation plan, as an incentive for selected individuals to lead the Company in achieving long-term goals and to align their interests with the long-term interests of the Company's shareholders. Accordingly, on March 21, 2013, the Executive Compensation Committee approved and awarded restricted stock units ("RSUs") to the NEOs listed below, each of which were made under the Company's 2005 Equity Incentive Plan.

Name	Title	Time-Based Vesting RSUs	Target Number of Performance-Based RSUs
William Boyle	Chief Executive Officer	34,278	11,426
Walter Zable	Executive Chairman	3,428	
Bradley Feldmann	President and Chief Operating Officer	30,851	10,284
John Thomas	Executive Vice President and Chief Financial Officer	25,709	8,570
Stephen Shewmaker	Executive Vice President, Corp and President, CTS	25,709	8,570

Each RSU represents a contingent right to receive one share of the Company's common stock. For all time-based vesting RSUs, other than those granted to Walter C. Zable, the RSUs vest in four equal installments on each of October 1, 2013, 2014, 2015 and 2016, subject to the recipient's continued service with the Company through such date. For the time-based vesting RSUs granted to Walter C. Zable, the RSUs vest in two equal installments on each of October 1, 2013 and 2014, subject to his continued service with the Company through such date. Dividend equivalent rights accrue with respect to the RSUs when and as dividends are paid on the Company's common stock and vest proportionately with the RSUs to which they relate. Vested shares will be delivered to the recipient following each vesting date. The time-based RSUs shall vest immediately upon a recipient's termination of employment or service as a result of his or her death or disability, or upon a recipient's termination without cause or resignation for good reason within twelve months following a change in control. The RSUs granted to Walter C. Zable will vest immediately upon a change in control of the Company or his death or termination of service by reason of his disability.

The performance-based vesting RSUs are intended to reward the achievement of sales growth and return on equity objectives over a three-year performance period. The performance period for the performance-based vesting RSUs granted on March 21, 2013 commenced on October 1, 2012 and will end on September 30, 2015. Specifically, recipients of the performance-based vesting RSUs will be eligible to vest in the RSUs at the end of the three-year performance period based on the achievement



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of specified sales growth and return on equity targets for the performance period established by the Executive Compensation Committee, subject to the recipient's continued service with the Company through such vesting date, except as otherwise provided in the applicable RSU agreement. The RSUs vest based 50% on sales growth achievement and 50% on return on equity achievement by the Company during such performance period. If the Company's sales growth achievement and/or return on equity achievement for the performance period equals or exceeds one of three different achievement levels (threshold, target and maximum), then a certain percentage of the RSUs will vest (25%, 100% and 200%, respectively). The percentage for determining the number of RSUs that will vest if performance is between the specified achievement levels will be determined by linear interpolation between the applicable achievement amounts for each measure.

The Company's sales growth generally means the aggregate of the Company's sales during the performance period, divided by a baseline sales level determined by the Executive Compensation Committee. The Company's return on equity for the performance period generally means the Company's net income return on equity, expressed as an average annual percentage of beginning equity.

Following the completion of the three-year performance period, the Executive Compensation Committee will certify the Company's performance relative to the sales growth and return on equity objectives for such performance period. As described above, based on the level of such sales growth and return on equity, the number of target RSUs granted to a recipient will be multiplied by a percentage from 0% to 200% to determine the number of RSUs vesting. Dividend equivalent rights accrue with respect to the RSUs when and as dividends are paid on the Company's common stock and vest proportionately with the RSUs to which they relate. Vested shares will be delivered to the recipient following the vesting date.

Upon a change in control of the Company, a number of performance-based vesting RSUs equal to the target RSUs will vest immediately prior to the date of such change in control. In addition, a number of performance-based vesting RSUs equal to the target RSUs will vest immediately upon a recipient's termination of employment or service as a result of his or her death, disability, termination without cause or resignation for good reason; however, in the event of a recipient's termination without cause or resignation for good reason, the target RSUs vesting as a result of such termination will be prorated for the portion of the performance period that has elapsed prior to the date of such termination.

*Deferred Compensation Plan*

Certain of the directors and NEOs participate in the Cubic Corporation Amended and Restated Deferred Compensation Plan (the "Deferred Compensation Plan"). For more information, please see the Nonqualified Deferred Compensation table below.

*Retirement Benefits*

All of our regular employees, including our NEOs, who meet certain defined requirements, may participate in our 401(k) plan. 401(k) matching payments and Profit Sharing Plan participations are equally available to all eligible employees. The Profit Sharing payment does not significantly fluctuate from year-to-year and has been typically about 8.5% of eligible U.S. payroll, although there is no guarantee that it will be set at that level or that such allocation will be made at all in the future. The value of the Company's contributions on behalf of the NEOs during fiscal year 2013 is set forth in the Summary Compensation Table below.

Certain of the NEOs are also participants in the Cubic Corporation Pension Plan (the "Pension Plan"), which plan was frozen as of December 31, 2006. For more information, please see the Pension Benefits table below.

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*Other Benefits*

The few additional perquisites offered to senior executives are modest and are not considered by the Committee to be material elements of individual compensation. These include annual physical examinations, term life insurance and an auto allowance. The value of these benefits to our NEOs is set forth in the Summary Compensation Table below. Our Executive Compensation Committee periodically reviews the levels of perquisites and other personal benefits to the NEOs to ensure they fit within the Company's overall compensation philosophy.

*Severance and Change in Control Benefits*

The Board has approved severance and change in control arrangements in which our NEOs participate to provide for certain severance benefits in the event that a NEO's employment is involuntarily or constructively terminated, including in connection with a change in control. The Company recognizes the challenges executives often face securing new employment following termination. To mitigate these challenges and to secure the focus of our management team on the Company's affairs, all NEOs are entitled to receive severance payments under their employment agreements upon a termination by the Company without cause. The Company believes that reasonable severance benefits for its executive officers are important because it may be difficult for its executive officers to find comparable employment within a short period of time following certain qualifying terminations. In addition to normal severance, we provide enhanced benefits in the event of an involuntary termination or a constructive termination within 3 months before or 24 months after a change in control as a means of reinforcing and encouraging the continued attention and dedication of our executives to their duties of employment without personal distraction or conflict of interest in circumstances that could arise from the occurrence of a change in control. The Company believes that the interests of shareholders will be best served if the interests of its executive officers are aligned with them, and providing these change in control benefits should eliminate, or at least reduce, the reluctance of the Company's executives to pursue potential change in control transactions that may be in the best interests of shareholders.

Our Transition Protection Plan (the "Protection Plan"), under which the foregoing change in control severance benefits are provided, also assists in the retention and attraction of senior individuals by reducing their concern for financial security in the event of a job loss in connection with a change of control. While these arrangements form an integral part of the total compensation provided to these individuals and are considered by the Executive Compensation Committee when determining NEO compensation, the decision to offer these benefits did not influence the Executive Compensation Committee's determinations concerning other direct compensation or benefit levels.

The terms of these severance arrangements are described below under "Potential Payments Upon Termination or Change in Control".

*Deductibility of Executive Compensation*

As part of its role, the Executive Compensation Committee reviews and considers the deductibility of the Company's executive compensation under Section 162(m) of the Internal Revenue Code. Section 162(m) generally limits the tax deduction for compensation in excess of one million dollars paid to certain executive officers. However, performance-based compensation is excluded from the limit so long as it meets certain requirements.

In its review and establishment of compensation programs and awards for our NEOs, the Executive Compensation Committee considers the anticipated deductibility or non-deductibility of the compensation as a factor in assessing whether a particular compensatory arrangement is appropriate, particularly in light of the goals of maintaining a competitive executive compensation system generally (i.e., paying for performance and maximizing shareholder return).

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We periodically review the potential consequences of Section 162(m) and may structure the performance-based portion of our executive compensation to comply with certain exemptions in Section 162(m). However, we reserve the right to use our judgment to authorize compensation payments that do not comply with the exemptions in Section 162(m) when we believe that such payments are appropriate and in the best interests of the shareholders, after taking into consideration changing business conditions or the officer's performance.

**Executive Compensation Committee Report**

*The material in this report is not "soliciting material," is not deemed "filed" with the Securities and Exchange Commission, and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.*

The Executive Compensation Committee makes recommendations to the Board concerning the compensation of the Company's executives. We have reviewed and discussed with management the Compensation Discussion and Analysis and, based on such review and discussions, recommended to the Board that the Compensation Discussion and Analysis be included in the Company's Annual Report on Form 10-K for the year ended September 30, 2013 and in the Company's Proxy Statement for its 2014 Annual Meeting of Shareholders. The Board approved our recommendation.

*Executive Compensation  
Committee*  
Dr. Robert S. Sullivan, Chairman  
Bruce G. Blakley  
Edwin A. Guiles

Table of Contents**Summary Compensation Table**

The following table shows the compensation for the three fiscal years ended September 30, 2013, 2012 and 2011 earned by our Chief Executive Officer, our President and Chief Operating Officer, our Executive Vice President and Chief Financial Officer, and our next two most highly compensated executives who were serving as executives as of September 30, 2013.

Name and Principal Position	Fiscal Year	Salary \$	Bonus \$	Non-Equity	Stock Awards <sup>(2)</sup> \$	Change	All Other Compensation <sup>(4)</sup> \$	Total \$
				Incentive Plan Compensations <sup>(1)</sup> \$		in Pension Value <sup>(3)</sup> \$		
William Boyle Chief Executive Officer	2013	714,625		223,053	2,000,000	43,403	48,804	3,029,885
	2012	620,500		456,521		51,107	31,166	1,159,294
	2011	591,000		426,032		34,005	33,053	1,084,090
Walter Zable Executive Chairman	2013	559,059		87,248	150,000		120,377	916,684
	2012	463,000		340,643		34,143	58,931	896,717
	2011	441,000		317,902			46,414	805,316
Bradley Feldmann President and Chief Operating Officer	2013	559,737		87,354	1,800,000		58,240	2,505,331
John Thomas EVP and Chief Financial Officer	2013	459,557		71,720	1,500,000		42,017	2,073,294
	2012	412,000		303,121		37,043	39,973	792,137
	2011	392,500		282,940			39,286	714,726
Stephen Shewmaker EVP and President Cubic Transportation Systems	2013	460,500		252,813	1,500,000		50,428	2,263,741

(1) Represents amounts paid under our annual incentive program.

(2) This column represents the aggregate grant date fair value, calculated in accordance with SEC rules, of restricted stock units granted in fiscal 2013. No stock or option awards were granted to the NEOs during fiscal years 2011 or 2012. Amounts do not correspond to the actual value that will be realized by the NEOs. For additional information on the valuation assumptions used in the calculation of these amounts, refer to note 1 to the financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2013, as filed with the SEC. These amounts include the grant date fair values attributable to performance-based restricted stock unit awards granted to each of the NEOs (other than Mr. Zable, who received only time-based restricted stock units) based on the estimated probable outcome of the performance objectives applicable to such awards on the grant date. The full grant date fair value of all restricted stock unit awards, including the performance-based restricted stock unit awards to the NEOs during fiscal 2013, assuming maximum achievement of the applicable performance objectives, is as follows: Mr. Boyle (\$2,500,000); Mr. Feldmann (\$2,250,000); Mr. Thomas (\$1,875,000); and Mr. Shewmaker (\$1,875,000).

(3) Amounts represent solely the change in the actuarial present value of the accumulated benefit under the pension plan that was frozen at December 31, 2006 and does not represent a change in the benefit to be paid to the executive. The change in pension value is the estimated year-over-year change in the present value, including: a) change in discount rate assumption; b) passage of time and; c) changes in demographics. Where amounts are negative, they are shown as zero in the table. For 2013, the actual negative amounts for Walter Zable, John Thomas, Stephen Shewmaker and Bradley Feldmann were \$47,828, \$40,018, \$23,178 and \$9,002, respectively. In 2011, actual negative amounts for Walter Zable and for John Thomas were \$14,876 and \$9,216, respectively. The amounts were computed using the same assumptions we used for financial statement reporting purposes. See "Pension Benefits" herein. Additionally, the amounts shown as earnings during fiscal year 2012 in the Nonqualified Deferred Compensation table, later herein, are not included in the Summary Compensation Table above because they are not above market or preferential.

(4) See following table for detail.

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Name	Fiscal Year	Life Insurance Premiums <sup>(1)</sup> \$	Profit Sharing and 401(k) Match <sup>(2)</sup> \$	Car Allowance/ Value of Lease Payments \$	Personal Travel <sup>(3)</sup> \$	Other <sup>(4)</sup> \$	Total \$
William Boyle	2013		39,937	6,261		2,606	48,804
	2012		28,325	2,841			31,166
	2011		28,175	2,800		2,078	33,053
Walter Zable	2013	7,732	21,250	10,856	78,469	2,070	120,377
	2012	7,732	20,825	11,155	16,710	2,509	58,931
	2011	4,018	20,825	10,570	9,565	1,436	46,414
Bradley Feldmann	2013	1,400	34,970	7,200	14,670		58,240
John Thomas	2013	2,618	30,315	7,200		1,884	42,017
	2012	2,618	28,236	7,200		1,919	39,973
	2011	2,618	28,579	7,200		889	39,286
Stephen Shewmaker	2013	4,018	37,149	7,200		2,061	50,428

(1) Optional executive life insurance premiums.

(2) Includes Company portion of 401(k) and Profit Sharing Plan contributions provided to all eligible employees.

(3) Value of personal travel on Company aircraft, computed in accordance with SEC guidelines.

(4) Miscellaneous items under \$3,000 per year.

**Grants of Plan-Based Awards  
Fiscal Year 2013**

The following table reflects the incentive plan awards to the NEOs during fiscal year 2013.

Name	Grant Date	Compensation Committee Approval Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards <sup>(1)</sup>			Estimated Possible Payouts Under Equity Incentive Plan Awards <sup>(2)</sup>			All Other Stock Awards: Number of Shares or Units <sup>(3)</sup>	Grant Date Fair Value of Stock Awards <sup>(4)</sup>
			Threshold \$	Target \$	Maximum \$	Threshold Shares	Target Shares	Maximum Shares		
William Boyle			71,463	714,625	1,071,938					
	3/21/2013	3/21/2013						34,278	1,500,000	
	3/21/2013	3/21/2013				2,857	11,426	22,852	500,000	
Walter Zable			55,906	279,530	419,295					
	3/21/2013	3/21/2013						3,428	150,000	
Bradley Feldmann			55,974	279,869	419,804					

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	3/21/2013	3/21/2013					30,851	1,350,000
	3/21/2013	3/21/2013			2,571	10,284	20,568	450,000
John Thomas			45,956	229,779	344,669			
	3/21/2013	3/21/2013					25,709	1,125,000
	3/21/2013	3/21/2013			2,143	8,570	17,140	375,000
Stephen Shewmaker			46,050	252,813	379,220			
	3/21/2013	3/21/2013					25,709	1,125,000
	3/21/2013	3/21/2013			2,143	8,570	17,140	375,000

(1)

Non-equity incentive plan awards consist of annual incentive awards payable under our fiscal year 2013 annual incentive program. For more information about the Company's annual incentive program, please see "Elements of the Executive Compensation Program Annual Incentive Program" above.

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- (2) These performance-based vesting restricted stock unit awards are intended to reward the achievement of sales growth and return on equity objectives over a three-year performance period. The performance period for these restricted stock unit awards commenced on October 1, 2012 and will end on September 30, 2015. Specifically, recipients of the performance-based vesting RSUs will be eligible to vest in the restricted stock units at the end of the three-year performance period based on the achievement of specified sales growth and return on equity targets for the performance period established by the Committee, subject to the recipient's continued service with the Company through such vesting date, except as otherwise provided in the applicable restricted stock unit agreement. The restricted stock units vest based 50% on sales growth achievement and 50% on return on equity achievement by the Company during such performance period. If the Company's sales growth achievement and/or return on equity achievement for the performance period equals or exceeds one of three different achievement levels (threshold, target and maximum), then a certain percentage of the restricted stock units will vest (25%, 100% and 200%, respectively). The percentage for determining the number of restricted stock units that will vest if performance is between the specified achievement levels will be determined by linear interpolation between the applicable achievement amounts for each measure. Upon a change in control of the Company, a number of performance-based vesting restricted stock units equal to the target restricted stock units will vest immediately prior to the date of such change in control. In addition, a number of performance-based vesting restricted stock units equal to the target restricted stock units will vest immediately upon a recipient's termination of employment or service as a result of his or her death, disability, termination without cause or resignation for good reason; however, in the event of a recipient's termination without cause or resignation for good reason, the target restricted stock units vesting as a result of such termination will be prorated for the portion of the performance period that has elapsed prior to the date of such termination. For more information about the accelerated vesting of these restricted stock units, see "Long-Term Equity Incentive Awards" above.
- (3) These restricted stock unit awards, other than those granted to Walter C. Zable, will vest in four equal installments on each of October 1, 2013, 2014, 2015 and 2016, subject to the NEO's continued service with the Company through each such date. For the restricted stock unit awards, granted to Walter C. Zable, the awards will vest in two equal installments on each of October 1, 2013 and 2014, subject to the NEO's continued service with the Company through each such date. Dividend equivalent rights accrue with respect to the restricted stock units when and as dividends are paid on the Company's common stock and vest proportionately with the restricted stock units to which they relate. The restricted stock units shall vest immediately upon an NEO's termination of employment or service as a result of his or her death or disability, or upon an NEO's termination without cause or resignation for good reason under certain circumstances. In addition, the restricted stock unit awards granted to Walter C. Zable will vest immediately upon a change in control of the Company or his death or termination of service by reason of his disability. For more information about the accelerated vesting of these restricted stock units, see "Long-Term Equity Incentive Awards" above.
- (4) The Grant Date Fair Value of Stock Awards amounts above were calculated in accordance with SEC rules. For additional information on the valuation assumptions used in the calculation of these amounts, refer to note 1 to the financial statements included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2013, as filed with the SEC. With respect to awards the vesting of which is performance-based, the grant date fair value is based on the estimated probable outcome of the performance objectives applicable to such awards on the grant date.

**Outstanding Equity Awards at Fiscal Year-End**

The table below provides information on the current holdings of stock awards by the NEOs as of September 30, 2013.

Name	Grant Date	Number of Shares or Units of Stock That Have Not Vested <sup>(1)</sup>	Market Value of Shares or Units of Stock That Have Not Vested <sup>(2)</sup> (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(3)</sup>	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>(2)</sup> (\$)
William W. Boyle	3/21/2013	34,278	1,840,043	2,857	153,337
	3/21/2013				
Walter C. Zable	3/21/2013	3,428	184,015		
Bradley H. Feldmann	3/21/2013	30,851	1,656,082	2,571	138,011
	3/21/2013				
John D. Thomas	3/21/2013	25,709	1,380,059	2,143	115,009
	3/21/2013				
Stephen O. Shewmaker	3/21/2013	25,709	1,380,059	2,143	115,009
	3/21/2013				

- (1) These restricted stock unit awards, other than those granted to Mr. Zable, will vest in four equal installments on each of October 1, 2013, 2014, 2015 and 2016, subject to the NEO's continued service with the Company through each such date. Restricted stock unit awards granted to



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Mr. Zable will vest in two equal installments on each of October 1, 2013 and 2014, subject to the NEO's continued service with the Company through each such date. Dividend equivalent rights accrue with respect to the restricted stock units when and as dividends are paid on the Company's common stock and vest proportionately with the restricted stock units to which they relate. The restricted stock units shall vest immediately upon an NEO's termination of employment or service as a result of his or her death or disability, or upon an NEO's termination without cause or resignation for good reason under certain circumstances. In addition, the restricted stock unit awards granted to Walter C. Zable will vest immediately upon a change in control of the Company or his death or termination of service by reason of his disability. For more information about the accelerated vesting of these restricted stock units, see "Long-Term Equity Incentive Awards" above.

(2) The market value of stock awards was determined by multiplying the number of unvested or unearned shares by the closing price of our common stock of \$53.68 on September 30, 2013, the last trading day of fiscal year 2013, as reported on the New York Stock Exchange.

(3) Represents the number of shares that may be issued to the NEOs pursuant to these performance-based vesting restricted stock unit awards at threshold performance. These performance-based vesting restricted stock unit awards are intended to reward the achievement of sales growth and return on equity objectives over a three-year performance period. The performance period for these restricted stock unit awards commenced on October 1, 2012 and will end on September 30, 2015. Specifically, recipients of the performance-based vesting RSUs will be eligible to vest in the restricted stock units at the end of the three-year performance period based on the achievement of specified sales growth and return on equity targets for the performance period established by the Committee, subject to the recipient's continued service with the Company through such vesting date, except as otherwise provided in the applicable restricted stock unit agreement. The restricted stock units vest based 50% on sales growth achievement and 50% on return on equity achievement by the Company during such performance period. If the Company's sales growth achievement and/or return on equity achievement for the performance period equals or exceeds one of three different achievement levels (threshold, target and maximum), then a certain percentage of the restricted stock units will vest (25%, 100% and 200%, respectively). The percentage for determining the number of restricted stock units that will vest if performance is between the specified achievement levels will be determined by linear interpolation between the applicable achievement amounts for each measure. Upon a change in control of the Company, a number of performance-based vesting restricted stock units equal to the target restricted stock units will vest immediately prior to the date of such change in control. In addition, a number of performance-based vesting restricted stock units equal to the target restricted stock units will vest immediately upon a recipient's termination of employment or service as a result of his or her death, disability, termination without cause or resignation for good reason; however, in the event of a recipient's termination without cause or resignation for good reason, the target restricted stock units vesting as a result of such termination will be prorated for the portion of the performance period that has elapsed prior to the date of such termination. For more information about the accelerated vesting of these restricted stock units, see "Long-Term Equity Incentive Awards" above.

**Option Exercises and Stock Vested**

None of the NEOs vested in any stock awards during fiscal 2013.

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**Pension Benefits**  
**Fiscal Year 2013**

The following table sets forth the present value of accumulated benefits under the Pension Plan for the NEOs.<sup>(1)</sup>

Name	Number of Years Credited Service	Present Value of Accumulated Benefit Under Life Annuity Election <sup>(2)</sup> \$	Payment During Last Fiscal Year \$
William W. Boyle	30	569,449	
Walter C. Zable	50	433,586	
Bradley H. Feldmann	15	67,267	
John D. Thomas	33	335,707	
Stephen Shewmaker	28	201,912	

(1) The Pension Plan was frozen as of December 31, 2006; no additional benefits accrue after that date. The purpose of the Pension Plan was to provide a modest monthly retirement benefit, to supplement social security payments, for eligible full-time U.S. employees who have completed one year of service with the Company. The Company has not granted extra years of credited service to any employee. The full benefit is available, upon retirement, to any eligible employee who (a) has attained age 65, or (b) is between age 55 and 64 and whose combined age and number of years of service equals 85. A reduced benefit is available at or after age 55 through age 64 if the employee has at least five years of service. The annual benefit is determined by adding total salary and bonus (not exceeding the ERISA cap in any year) during the time of participation and multiplying the sum by 3/4 of 1%. Benefits are paid monthly. The monthly amount will vary based upon the form of benefit selected (e.g., a life annuity or a joint and 50% survivor annuity).

(2) The present value of the accumulated benefit is determined by the projected unit credit method in a manner consistent with that used, and based on the same assumptions used, for financial reporting purposes set forth in Note 14 of the Notes to Consolidated Financial Statements contained in the 2013 Form 10-K, except retirement age has been assumed to be the normal retirement age under the Pension Plan. The interest rate used for computing present value was 4.96% and includes the following material assumptions: (a) retirement at the plan's stated normal retirement date, or the earliest age at which benefits are unreduced, if earlier, (b) mortality taken from RP 2000 with projection to 2028. Pension Plan contributions are distributed among various funds held by an insurance company.

**Nonqualified Deferred Compensation**  
**Fiscal Year 2013<sup>(1)</sup>**

The following table sets forth certain information regarding the participation in the Deferred Compensation Plan by our NEOs for the 2013 fiscal year.<sup>(1)</sup>

Name <sup>(2)</sup>	Executive Contributions in FY 2013 <sup>(3)</sup> \$	Aggregate Plan Earnings in FY 2013 <sup>(4)</sup> \$	Aggregate Withdrawals/ Distributions \$	Aggregate Plan Balance at End in FY 2013 <sup>(5)</sup> \$
William W. Boyle	228,261	8,499		619,013
Bradley H. Feldmann	100,000	3,918		283,911
John D. Thomas	150,780	18,540	36,308	1,262,350
Stephen O. Shewmaker	162,938	7,193		447,325

(1) The amounts shown have been deferred (and not presently taxed) and other than plan earnings have also been reported herein as compensation. The Deferred Compensation Plan permits

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selected key employees to defer (from time to time) up to 90% of their base salary and up to 100% of their bonus annually. These amounts are a general debt of the Company. The amounts earn interest at rates periodically set by the Secretary of the United States Treasury. The average interest rate was 1.75% in 2013. The Company makes no contribution to the Deferred Compensation Plan. Payment elections and withdrawals are permitted within guidelines established by the Internal Revenue Service. After retirement the participant may receive a lump sum payment or an annual distribution over 5, 10, 15 or 20 years. Annual revision of the selected payment method is regulated by Internal Revenue Service guidelines.

- (2) Walter C. Zable has not participated in the Deferred Compensation Plan.
- (3) The amounts above reflect deferrals of bonus amounts for fiscal year 2013, except for Mr. Thomas who deferred \$75,780 of bonus and \$75,000 of salary. These amounts are also included in the Summary Compensation Table for the year in which they were earned.
- (4) These amounts are not reported as compensation in the Summary Compensation Table because the earnings are not above market or preferential.
- (5) Year-end balances consist of participant contributions and earnings on contributed amounts. All contributions have been included in the Summary Compensation Table for fiscal year 2013 or prior years or would have been so included had the current reporting requirements been applicable to the executive. Such amounts that have been reported in Summary Compensation Tables for Mr. Thomas for fiscal years 2011 and 2012 are \$200,634 and \$131,588 respectively.

**Potential Payments Upon Termination or Change in Control**

**General Severance Policy**

The Company has a severance policy (the "Severance Policy") applicable to many of its full time U.S.-based employees, including the NEOs. In the event of a Company-originated termination without cause, the eligible individual who has completed three years of employment with the Company is offered the opportunity to receive, in exchange for signing a general release, a lump sum payment of one week of base pay at their current rate for each 12 months of employment, and payment of medical and dental coverage under COBRA for up to 12 months. Outplacement consultation may be provided at the Company's discretion. In individual circumstances, an NEO may be offered alternative arrangements to be negotiated. These severance benefits are not offset by the Company's normal retirement benefits. Other than the COBRA payments, the cash severance payments under the Severance Policy would be paid to a NEO in addition to any payments under the Protection Plan, as described below, in the event his termination of employment by the Company without cause were to occur under the circumstances described under the Protection Plan.

**Transition Protection Plan**

The Company's Board and the Company's shareholders adopted the Protection Plan in 2005, and the plan was amended in 2007. The Protection Plan is intended to be made available upon specific approval of an individual for participation in the Protection Plan by the CEO and the Executive Compensation Committee. It is intended to benefit selected principal officers and other selected key personnel. The CEO and the Executive Compensation Committee have approved participation in the Protection Plan by each of the NEOs.

If there is any change of control of the Company (defined below), and within 3 months before or 24 months after such change in control, a participant's employment terminates without good cause (as defined below), or the participant resigns for good reason (as defined below), then the Company would be obligated (i) to pay such person a monthly amount, for 24 months, computed as the immediately preceding five fiscal years' monthly average of salary and bonus, and (ii) to continue for 18 months the participant's participation in those welfare plans of the Company in which such

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participant participated at the time of termination. Miscellaneous additional benefits, including outplacement service, may also be provided. The Protection Plan, as amended, is Exhibit 10.2 to our Annual Report on Form 10-K filed for the fiscal year ended September 30, 2007.

A "change in control" occurs when a "person" acquires sufficient shares of our voting stock to elect a majority of our directors, assuming 90% of outstanding shares vote; a merger resulting in a substantial change in the directors; and certain other events.

A termination "without good cause" occurs when there is any involuntary termination of employment without (i) a willful and continued failure of the employee to perform substantially his duties, or (ii) his gross negligence or breach of fiduciary duty involving personal profit (etc.) or (iii) his conviction or plea of no contest or guilty to state or federal felony criminal laws.

A resignation "for good reason" occurs when the authority, duties, function or responsibilities of the employee are substantially reduced, his base salary is reduced, his bonus participation opportunity is reduced by more than 50%, his job location is substantially changed, or the Company materially breaches the Protection Plan.

Following termination, to receive monthly payments the executive must not breach the Company's proprietary information policy and must not interfere with the employees, customers or suppliers of the Company

The welfare plans in which the executive would continue to participate are health insurance (COBRA), dental and vision insurance, and group term life insurance, each to the extent to which the executive participated prior to termination.

In most cases, the entity making the payments would be the successor to Cubic Corporation.

**Long-Term Equity Incentive Awards**

The long-term equity incentive awards granted to the NEOs may vest under certain circumstances in the event of a change in control of the Company and/or certain terminations of employment. For more information about the accelerated vesting provisions applicable to these awards, see "Long-Term Equity Incentive Awards" above.

**Potential Payments Upon Termination or Change in Control Table**

The following table summarizes potential change in control and termination payments to each NEO. The five right-hand columns describe the payments that would apply in three different potential scenarios a termination without cause apart from a change in control; a termination of employment as a result of the named executive officer's resignation for good reason or termination of employment by us other than for cause, in each case within 3 months prior to or 24 months following a change in control; a change in control without a termination of employment; the NEO's death; or the NEO's termination of employment as a result of his disability. The table assumes that the termination or change in control occurred on September 30, 2013. For purposes of estimating the value of accelerated equity awards to be received in the event of a termination of employment or change in control, we

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have assumed a price per share of our common stock of \$53.68, which represents the closing market price of our common stock as reported on the New York Stock Exchange on September 30, 2013.

Name	Benefit	Termination w/o Cause Apart from a Change in Control \$	After Change in Control Termination w/o Cause or for Good Reason \$	Change in Control \$	Death or Disability \$
William Boyle	Cash Severance	412,284 <sup>(1)</sup>	2,377,994 <sup>(2)</sup>		
	Healthcare and Other Insurance <sup>(3)</sup>	26,795	40,193		
	Benefits Continuation <sup>(4)</sup> Outplacement		7,500		
	Stock Awards Accelerated Vesting	204,449 <sup>(5)</sup>	2,044,492 <sup>(6)</sup>	613,348 <sup>(7)</sup>	2,435,391 <sup>(8)</sup>
	Total Benefit Amount	643,528	4,470,179	613,348	2,435,391
	Walter Zable	Cash Severance	537,557 <sup>(1)</sup>	1,987,641 <sup>(2)</sup>	
Healthcare and Other Insurance <sup>(3)</sup>		16,574	24,861		
Benefits Continuation <sup>(4)</sup> Outplacement			7,500		
Stock Awards Accelerated Vesting			184,015 <sup>(6)</sup>	184,015 <sup>(9)</sup>	184,015 <sup>(8)</sup>
Total Benefit Amount		554,131	2,204,017	184,015	184,015
Bradley Feldmann		Cash Severance	161,463 <sup>(1)</sup>	1,692,505 <sup>(2)</sup>	
	Healthcare and Other Insurance <sup>(3)</sup>	20,245	30,368		
	Benefits Continuation <sup>(4)</sup> Outplacement		7,500		
	Stock Awards Accelerated Vesting	184,015 <sup>(5)</sup>	1,840,097 <sup>(6)</sup>	552,045 <sup>(7)</sup>	2,208,127 <sup>(8)</sup>
	Total Benefit Amount	365,723	3,570,470	552,045	2,208,127
	John Thomas	Cash Severance	291,642 <sup>(1)</sup>	1,531,340 <sup>(2)</sup>	
Healthcare and Other Insurance <sup>(3)</sup>		24,617	36,926		
Benefits Continuation <sup>(4)</sup> Outplacement			7,500		
Stock Awards Accelerated Vesting		153,346 <sup>(5)</sup>	1,533,405 <sup>(6)</sup>	460,038 <sup>(7)</sup>	1,840,097 <sup>(8)</sup>
Total Benefit Amount		469,605	3,109,171	460,038	1,840,097
Stephen Shewmaker		Cash Severance	247,962 <sup>(1)</sup>	1,568,476 <sup>(2)</sup>	
	Healthcare and Other Insurance <sup>(3)</sup>	24,617	36,926		
	Benefits Continuation <sup>(4)</sup> Outplacement		7,500		
	Stock Awards Accelerated Vesting	153,346 <sup>(5)</sup>	1,533,405 <sup>(6)</sup>	460,038 <sup>(7)</sup>	1,840,097 <sup>(8)</sup>
	Total Benefit Amount	425,925	3,146,307	460,038	1,840,097

- (1) In the event of an NEO's termination by the Company without cause, an NEO will be entitled to a number of weeks of base pay determined in accordance with the terms of our Severance Policy, payable in a lump sum. As of September 30, 2013, the NEOs would have been entitled to receive the following number of weeks of base pay under the terms of our Severance Policy: Mr. Boyle, 30 weeks; Mr. Zable, 50 weeks; Mr. Feldmann, 15 weeks; Mr. Thomas, 33 weeks; and Mr. Shewmaker, 28 weeks.
- (2) In the event of an NEO's termination by the Company without cause or by the NEO for good reason, in each case within 3 months before or 12 months after a change in control, an NEO will

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be entitled to receive a monthly amount for 24 months computed as the immediately preceding five fiscal years' monthly average of salary and bonus for such NEO in accordance with the terms of our Protection Plan, payable in 24 equal monthly installments. The foregoing severance benefits would be paid to an NEO in addition to any amounts payable under the Company's Severance Policy, as described above, in the event his employment was terminated without cause. The amounts in this column assume that an NEO was terminated without cause on September 30, 2013, and that a change in control occurred on such date. Accordingly, the amounts payable to each NEO under both the Severance Policy and the Protection Plan are included in this column under the heading "Cash Severance." As of September 30, 2013, the immediately preceding five fiscal years' monthly average of salary and bonus for each of our NEOs was as follows: Mr. Boyle, \$982,885; Mr. Zable, \$725,042; Mr. Feldmann, \$765,521; Mr. Thomas, \$619,849; and Mr. Shewmaker, \$660,257.

- (3) In the event of an NEO's termination by the Company without cause, an NEO will be entitled to medical and dental coverage at Company expense for up to 12 months in accordance with the terms of our Severance Policy. The amounts in this column represent 12 months of continued medical and dental coverage for the NEOs. In the event of an NEO's termination by the Company without cause or by the NEO for good reason, in each case within 3 months before or 12 months after a change in control, an NEO will be entitled to continue for 18 months his participation in those welfare plans of the Company in which such NEO participated at the time of termination. The amounts in this column represent 18 months of continued medical, dental and vision insurance, and group term life insurance for the NEOs. In unusual cases moving of household goods may also be reimbursed by the Company. Such amounts cannot be determined at this time.
- (4) No other benefits are continued upon termination.
- (5) In the event of an NEO's involuntary termination without cause or resignation for good reason, the NEO will vest in the "target" number of shares subject to their outstanding performance-based restricted stock unit agreements, which number shall be prorated for that portion of the three-year performance period that has elapsed prior to the date of termination.
- (6) In the event of an NEO's involuntary termination without cause or resignation for good reason, in each case following a change in control, the NEO will vest in (a) provided such termination occurs within 12 months following such change in control, all of his or her outstanding time-based restricted stock units, and (b) the "target" number of shares subject to their outstanding performance-based restricted stock unit agreements, which number shall be prorated for that portion of the three-year performance period that has elapsed prior to the date of termination.
- (7) Upon the occurrence of a change in control, the NEOs will vest in the "target" number of shares subject to their outstanding performance-based restricted stock units.
- (8) Upon the occurrence of an NEO's termination of employment as a result of his death or disability, the NEO will vest in (a) all of his or her outstanding time-based restricted stock units, plus (b) the "target" number of shares subject to their outstanding performance-based restricted stock units.
- (9) Upon the occurrence of a change in control or Mr. Zable's death or termination of service as a result of his disability, he will vest in all of his outstanding restricted stock units.

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**Securities Authorized for Issuance Under Equity Compensation Plans**

The following coordinate table provides certain information with respect to all of the Company's equity compensation plans in effect as of the end of the 2013 fiscal year.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	421,369		4,043,756
Equity compensation plans not approved by security holders	n/a	n/a	n/a
<b>Total</b>	<b>421,369</b>		<b>4,043,756</b>

**CERTAIN TRANSACTIONS AND RELATIONSHIPS**

**Related Persons**

The Charter of our Executive Compensation Committee requires it to review and approve the compensation of any persons related to any Director or Executive Officer. As a practical matter the Committee will also review any non-compensation transactions between the Company and its directors, senior officers and their relatives.

Consistent with SEC regulations and NYSE listing standards, a related person transaction is any transaction in which the Company was, is, or will be a participant, where the amount involved exceeds \$120,000, and in which a related person had, has, or will have a direct or indirect material interest. A related person includes any director or executive officer of the Company, any person who is known to be the beneficial owner of more than 5% of any class of the Company's voting securities, an immediate family member of any person described above; and any firm, corporation, or other entity controlled by any person described above.

Each director and executive officer completes an annual questionnaire to identify related interests and persons.

There have been no transactions this fiscal year which were determined by the Committee to be with "related persons".

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Based solely on a review of SEC Forms 3, 4 and 5, and amendments thereto, furnished to the Company during fiscal year 2013, and written representations received from our Directors and officers, no Director, Officer or beneficial owner of more than 10% of the Common Stock of the Company failed to file on a timely basis during the 2012 fiscal year the reports required by Section 16(a) of the Securities Exchange Act of 1934, as amended, except a Form 4 for one of the executive officers who reallocated funds within his account in the Company's 401(k) from Cubic stock to another selection. The disposition of the stock within the Plan of 1,042 shares was reported 10 days late.



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**CONFIRMATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANTS**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THIS PROPOSAL**

Ernst & Young LLP has audited the Company's books and records since 1959 and continues as its auditors. Representatives of Ernst & Young LLP are expected to be present at the shareholders' meeting with the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

The Board is seeking your confirmation of Ernst & Young LLP as our independent registered public accountants for the fiscal year ending September 30, 2014. Our organizational documents do not require that our shareholders confirm the selection of our independent auditors. We are doing so because we believe it is a matter of good corporate practice. If our shareholders do not ratify the selection, the Audit Committee will investigate the reasons for rejection and reconsider whether or not to retain Ernst & Young LLP, but still may retain them. Even if the selection is confirmed, the Audit Committee, in its discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders.

**Principal Accountant Fees and Services**

The following table sets forth the aggregate fees billed to us by Ernst & Young LLP, our independent auditor, for 2013 and 2012:

Services Rendered	Fees \$	
	2013	2012
Audit Fees <sup>(1)</sup>	2,877,000	3,878,000
Audit-Related Fees <sup>(2)</sup>	15,000	82,000
Tax Fees <sup>(3)</sup>	311,000	129,000
All Other Fees <sup>(4)</sup>	2,000	2,000

- (1) For professional services rendered for the audits of our 2013 and 2012 annual financial statements, the reviews of our financial statements included in our Quarterly Reports on Forms 10-Q, statutory audits of foreign subsidiaries, consultation on accounting matters during fiscal years 2013 and 2012, and fees for professional services rendered for our Registration Statement on Form S-1 related to our secondary offering of outstanding shares that were sold by certain of our shareholders.
- (2) These fees included an employee benefit plan audit.
- (3) These fees were primarily for statutory foreign annual tax returns, tax compliance, and consulting related to foreign tax credits.
- (4) These fees were for EY-online services.

**Other Matters**

The Audit and Compliance Committee has adopted policies and procedures for the pre-approval of audit and non-audit services rendered by Ernst & Young LLP. The policy generally requires pre-approval of specified services in the defined categories of audit services, audit-related services, and tax services, up to specified amounts. Pre-approval may also be given as part of the Committee's approval of the scope of the engagement of the independent auditor or on an individual explicit case-by-case basis before the independent auditor is engaged to provide each service. The pre-approval of services may be delegated to one or more of the Committee's members, but the decision must be reported to the full Committee at its next scheduled meeting. During fiscal years 2013 and 2012 the Committee did not waive any requirement for pre-approval of any services by Ernst & Young LLP. The

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Committee approved all auditor services and fees as required by laws in effect at the time the services were commenced.

**DEADLINE FOR SUBMISSION OF SHAREHOLDER PROPOSALS**

Proposals of shareholders intended to be included in the Company's proxy statement and form of proxy relating to the Company's annual meeting of shareholders expected to be held in 2015 must be received by the Corporate Secretary, Cubic Corporation, 9333 Balboa Avenue, San Diego, California 92123, no later than September 11, 2014, unless the date of the 2015 annual meeting of shareholders is changed by more than 30 days from the anniversary of the Company's 2014 annual meeting, in which case the deadline for such proposals will be a reasonable time before the Company begins to print and send its proxy materials. These proposals must comply with the requirements as to form and substance established by the SEC for such proposals in order to be included in the proxy statement.

The Company's bylaws set forth certain procedures which shareholders must follow in order to nominate a director or present any other business at an annual shareholders' meeting. Generally, a shareholder must give timely notice to the Secretary of the Company. To be timely, such notice must be received by the Company at its principal executive offices not less than ninety (90) days prior nor more than one hundred twenty (120) days prior to the first anniversary of the preceding year's annual meeting, provided, however, that in the event that the date of the annual meeting is more than thirty (30) days before or more than sixty (60) days after such anniversary date, notice must be received not later than the ninetieth (90th) day prior to such annual meeting, or, if later, the tenth (10th) day following the day on which public disclosure of the date of such annual meeting was first made. The bylaws specify the requirements as to form and substance of such shareholder notice. Details of such provisions of the bylaws may be obtained by any shareholder from the Secretary of the Company.

**ANNUAL REPORT**

The Company's annual report for the fiscal year ended September 30, 2013 will be sent to shareholders of record on or about January 9, 2014. The annual report does not constitute, and should not be considered, a part of this proxy solicitation material.

**Any person who was a beneficial owner of the Company's common stock on the record date may request a copy of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2013, and it will be furnished without charge upon receipt of a written request identifying the person so requesting a report as a shareholder of the Company at such date. Requests should be directed to Cubic Corporation, 9333 Balboa Avenue, San Diego, California 92123, Attention: Corporate Secretary.**

**SHAREHOLDERS SHARING THE SAME ADDRESS**

The rules promulgated by the SEC permit companies, brokers, banks or other intermediaries to deliver a single copy of a proxy statement and annual report to households at which two or more shareholders reside. This practice, known as "householding," is designed to reduce duplicate mailings and save significant printing and postage costs as well as natural resources. Shareholders sharing an address who have been previously notified by their broker, bank or other intermediary and have consented to householding will receive only one copy of the Company's proxy statement and annual report. If you would like to opt out of this practice for future mailings and receive separate proxy statements and annual reports for each shareholder sharing the same address, please contact your broker, bank or other intermediary. You may also obtain a separate proxy statement or annual report without charge by sending a written request to Cubic Corporation, 9333 Balboa Avenue, San Diego, California 92123, Attention: Corporate Secretary. The Company will promptly send additional copies of the proxy statement or annual report upon receipt of such request. Shareholders sharing an address

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that are receiving multiple copies of the proxy statement or annual report can request delivery of a single copy of the proxy statement or annual report by contacting their broker, bank or other intermediary or sending a written request to Cubic Corporation at the address above.

**OTHER MATTERS**

All shareholders of record at the close of business on December 18, 2013, the record date for the determination of shareholders entitled to vote at the Annual Meeting, were sent a Notice on or about January 9, 2013, regarding the availability of proxy materials, the Annual Report and the Company's Annual Report on Form 10-K, which are available at [www.proxyvote.com](http://www.proxyvote.com). You may vote by mail, on-line, by telephone, or in person if you attend the meeting. Please refer to the Notice. These materials are also available in hard copy without cost, upon your request to [investor.relations@cubic.com](mailto:investor.relations@cubic.com) or by phone (858) 505-2222 or to the Company's mailing address above.

The expense of preparing, printing and mailing the proxy materials and all other expenses of soliciting proxies will be borne by the Company. In addition to the solicitation of proxies by use of the mails, the Directors, Officers and regular employees of the Company, who will receive no compensation in addition to their regular salary, if any, may solicit proxies. The Company will also reimburse brokerage firms, banks, trustees, nominees and other persons for their expenses in forwarding proxy material to the beneficial owners of shares held by them of record.

Management knows of no business which will be presented for consideration at the Annual Meeting other than that stated in the Notice of Annual Meeting. However, if any such matter shall properly come before the meeting, the persons named in the enclosed proxy form will vote the same in accordance with their best judgment.

By Order of the Board of Directors

James R. Edwards  
*Secretary*

January 9, 2014













