



# CORPORATE POLICY

## CORPORATE ETHICAL CONDUCT

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DATE 4-27-04	APPROVED W.W. Boyle	

### I. PURPOSE

To establish the policy for the conduct of business by the Directors, Officers, employees, agents and representatives (hereinafter referred to as employees) of Cubic Corporation and its subsidiaries (Cubic).

### II. REFERENCE

CP 1-14            Representatives, Agents, Consultants and Consulting Services  
CP 7-3             Employee Conflict of Interest

### III. FORMS USED

CF 7-174           Employee Annual Ethics Certification  
CF 7-174/1        Corporate Ethical Conduct Agreement

### IV. POLICY

- A. General Integrity and Compliance with Laws - All employees of Cubic are expected to observe the highest standards of business ethics and comply with all laws, regulations and contract requirements and the letter and spirit of the policy set forth herein in all activities applicable to Cubic's business. Failure to do so may subject not only the employee but also the company to criminal sanctions (including fine and/or imprisonment) or civil liability (including suspension or debarment). Violation of this policy will not be tolerated by the company. Where laws, regulations and contract requirements are ambiguous, each employee shall obtain advice from the Cubic Corporation Legal Department. Upon accepting employment with Cubic, new employees will be provided a copy of this policy and certify in writing (Corporate Ethical Conduct Agreement, CF 7-174/1) that they have read and understand the contents.
- B. Conflicts of Interest - Employees may not engage in activities or maintain ties which conflict with their duty or loyalty to the company. Conflict of interest is defined and appropriate corrective action outlined in Corporate Policy, CP 7-3.
- C. Acceptance of Costly Entertainment or Gifts - Employees may not accept costly entertainment or gifts that may result in a perception of impropriety by the employees and/or the company. Where such gifts are unavoidable because of local custom, they should be reported to the Cubic Corporation Legal Department for a determination of the extent to which they are to be considered the personal property of the recipient.
- D. Illegal Use of Funds - The use of company (or personal funds in connection with company business) for any unlawful or unethical purpose is strictly prohibited. Employees are prohibited from making, or causing others to make, bribes, gratuities or other illegal payments to advance, promote or expedite company interests. Such payments include money, favors, costly entertainment or gifts. This policy will not prohibit customary minor tips and gratuities, the practice of which varies from country to country, but the burden of proper identification rests with the employee.

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- E. Corporate Hospitality of Public Officials and Government Employees - Acts of hospitality toward public officials and government employees should avoid compromising the integrity or impugning the reputation of the public official, government employee or the company. Company employees should be particularly sensitive to adverse perceptions that may arise from relationships with public officials and other government employees.
  
- F. Employees shall not incur any expenses or pay any obligations on behalf of U.S. Department of Defense or other U.S. Federal Government Executive Branch, state, or local government employees, unless such expenditures are in accordance with this Policy and this subparagraph specifically. The giving of promotional gifts (e.g., pens, paperweights, etc.) shall be allowable, providing the promotional gift is: a) under \$25 in value; b) not given for a purpose of attempting to influence the taking or forbearance of any official act by the recipient; and c) not prohibited by the recipient's agency. The terms of this paragraph shall apply also to the buying of meals and entertainment.

Gifts or anything of value given to government employees of any foreign country must comply with the laws of that country as well as all U.S. laws. Expenditures of any value for or on behalf of the above individuals must be approved by the Cubic Corporation Legal Department and should be documented with at least the following:

1. Amount of expenditures.
  2. Purpose of gift. Identification of gift or expenditures.
  3. Name and title of individual involved.
  4. Purpose of expenditure (i.e., Birthday gift, Christmas gift, etc.).
  5. Whether Cubic has any procurements pending before the individual's agency.
  6. Position of the individual including specifically whether the individual has procurement authority.
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- G. Political Contributions - The company will not contribute to political parties or candidates for office except as is allowed by applicable U.S. Federal, State, foreign and/or local laws and regulations. This policy does not prohibit the formation of a Political Action Committee for employees as authorized by the U.S. Federal Election Campaign Act.
  
  - H. Consultants and Representatives - Consultants and representatives will be retained only with prior review, by the Cubic Corporation Legal Department and a Cubic Corporation Officer's approval, as well as a warranty by the consultant or representative that he/she shall abide by the letter, spirit and intent of this policy and laws of all applicable countries relating to consultant or representative activities on behalf of Cubic. Policy regarding retention of representatives, agents, consultants and consulting services is delineated in Corporate Policy 1-14.
  
  - I. Fair Competition - The antitrust laws of the United States, individual states, and other countries must be observed, and no transactions or practices which are prohibited under any such antitrust laws may be undertaken. No agreement or understanding may be made with competitors to fix or control prices, to allocate products, markets or territories, to boycott certain customers or supplies, or to refrain from or limit the manufacture, sale or production of any product.

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Antitrust laws apply to both formal and informal communications. Employees involved in trade association activities or in other industry situations allowing for less formal communication among competitors, customers or suppliers must be aware of the requirements of the law.

An employee who has questions as to the application of the antitrust laws should immediately consult the Cubic Corporation Legal Department.

- J. Proper Accounting – Cubic promotes full, fair, accurate, timely, and understandable disclosure in its periodic reports required to be filed with, or submitted to, the Securities and Exchange Commission and in other public communications made by Cubic. Compliance with accepted accounting rules and controls is mandatory. The books of account, budget proposals, economic evaluations of projects, documentation supporting the disbursement of funds, and the like must truly reflect the transactions they record. All assets of the company, in particular bank accounts in which company cash is on deposit, shall be recorded in the regular books of account. All accounting under contracts will be practiced in a manner that insures accurate and legitimate costs charged to contracts and the authenticity of labor and other charges to contracts. No cost is to be allocated to a contract which is unallowable, contrary to the contract or related regulations, or otherwise improper. Timely and accurate completion of time record cards by all employees as described in the respective policies and procedures is essential. Shifting of costs to inappropriate contracts is prohibited. Reporting of hours not worked, but for which pay is received, must also be true and accurate. Intentional mischarging, cross-charging or the unauthorized means of transferring labor or other costs between contracts is expressly prohibited by this policy. Maintaining dual books of account is strictly prohibited except where otherwise required by law. Employees having concerns regarding questionable accounting or auditing matters may submit them, confidentially and anonymously to the Cubic Corporation Legal Department or Director of Audit. See paragraph V.A. for procedures to submit.
- K. Other functional elements of company operations with ethical ramifications are treated in other Corporate Policies and require the application of this ethical conduct of business policy to each of these functional elements.

V. RESPONSIBILITY AND COMPLIANCE WITH POLICY

- A. If any order or instruction is issued to an employee that is in violation of the policy set forth herein, it is invalid, not to be obeyed, and compliance shall not relieve the employee of responsibility for the misconduct. All employees are required to report events of a fraudulent or illegal nature, or any orders or instructions that are issued which may be in violation of this policy, to the Cubic Ethics Hotline, the numbers of which are listed in Attachment A. Calls to the Hotline are received by the Director of Audit, who is responsible for resolution. Callers will remain anonymous if they wish and the call will remain confidential at their request. No adverse action will be taken or permitted to be taken against any employee for making such report, and failure to make this required report may result in the imposition of sanctions, up to and including dismissal from the company, provided that making a report shall not serve as protection for fraudulent or illegal events in which the reporter may be an active participant.

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V. RESPONSIBILITY AND COMPLIANCE WITH POLICY cont'd

- B. Compliance with both the letter and spirit of this Policy shall be considered as an element of each employee's performance.
- C. The Cubic Corporation Legal Department is responsible for administration, interpretation, and audit of this Policy. Officers of Cubic Corporation and each of its subsidiaries, together with their Department Managers, are responsible for enforcing this Policy and obtaining interpretation as required.
- E. Violations of this Corporate Policy will not be tolerated and, in accordance with company procedures, will result in one or more of the following sanctions, as appropriate:
  - 1. A warning,
  - 2. A reprimand, which will be noted in individual's permanent personnel record,
  - 3. Probation,
  - 4. Demotion,
  - 5. Temporary suspension,
  - 6. Discharge,
  - 7. Required reimbursement of losses or damages,
  - 8. Referral for criminal prosecution or civil action.
- E. Officers of Cubic Corporation and each of its subsidiaries, are required to execute an annual compliance statement to the effect that:
  - 1. They are aware of and understand the foregoing Policy;
  - 2. They have made diligent inquiry within their organization to insure compliance with this policy; and
  - 3. They have reported any transactions or events which violate, or might reasonably appear to an outsider to violate, either the letter or the spirit of this Policy.
- F. Officers of the Corporation and/or each of its subsidiaries, will take immediate and appropriate disciplinary action, including termination where appropriate, upon discovery of any violation of this policy.



# CORPORATE POLICY

## CORPORATE ETHICAL CONDUCT Attachment A

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Balboa Avenue	6-Hot (#9-6468)
San Diego	858-505-1519
Outside San Diego	800-204-0137
Outside Continental U.S.	001-800-854-2876 X1519