

CUBIC CORPORATION
CORPORATE GOVERNANCE GUIDELINES

The Cubic Corporation (the “Company”) Board of Directors (the “Board”) has adopted these guidelines as a framework for the Company’s corporate governance. The Board believes that its adherence to these guidelines will promote responsible business practices and lead to good corporate citizenship. The Nominating and Corporate Governance Committee of the Board is responsible for periodically reviewing these guidelines and suggesting improvements to the Board.

I. Role of the Board

The Board is responsible for the management and oversight of the Company for the benefit of the shareholders, employees, and other parties with an interest in the Company. The Board meets at least four times per year. Board committees meet as often as necessary. The Audit and Compliance Committee meets at least four times per year. Directors are expected to attend all Board meetings and meetings of committees of which they are members. Directors have full access at all times to management and independent advisors including auditors and legal counsel and the records and reports maintained by the Company.

II. Director Qualification Standards

The shareholders elect the Board members for each year at the annual shareholders meeting. Nominees for Board members are recommended by the Nominating and Corporate Governance Committee. A majority of the Board shall be independent (see below). The Nominating and Corporate Governance Committee has developed criteria against which potential nominees should be measured. Candidates should ideally have the following attributes: at least 20 years of executive management, defense or transportation industry experience with a company with sales of at least 75% of that of the Company, or who could bring appropriate diversity to the Board, or who possess other relevant qualifications (for example finance, accounting, marketing). The Nominating Committee may also consider:

1. Independence from Company
2. Personal and professional integrity
3. Relevance of professional background
4. Business judgment
5. Freedom from any conflict of interest while serving on the Board
6. A diverse background

The Nominating and Corporate Governance Committee may consider nominations received from shareholders. Shareholder submitted nominations must be received by the Company Secretary at least 120 days prior to one year from the date of the previous annual meeting of shareholders.

Board members should serve on no more than two other public company boards of directors. There are no limits on the number of terms a member may serve on the Board. There is no retirement age for Board members.

If at any time a member's ability to meaningfully contribute to the Board is compromised for any reason, including, but not limited to, a conflict of interest, change in independent status, or time availability, that member shall discuss potential resignation with the Chair of the Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee will meet and make a recommendation to the Board.

- (a) The board of directors must annually affirmatively determine that the director has no material relationship with Cubic Corporation ("Cubic") or any of its subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with Cubic). Cubic shall identify which directors are independent and disclose the basis for that determination in its proxy statement.
- (b) A director is not independent if:
 - i. The director is, or has been within the last three years, an employee of Cubic, or an immediate family member is, or has been within the last three years, an executive officer of Cubic.
 - ii. The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than \$100,000 in direct compensation from Cubic, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
 - iii. (a) The director or an immediate family member is a current partner of a firm that is Cubic's external auditor; (b) the director is a current employee of such a firm; (c) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (d) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on Cubic's audit within that time.
 - iv. The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of Cubic's present executive officers at the

same time serves or served on that company's compensation committee.

- v. The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, Cubic for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.

III. Director Responsibilities

1. When a member does not attend a meeting, the Secretary of the Board or applicable committee will, within a reasonable time, inform the absent member of the business conducted, seek the member's input on items discussed, and, if necessary, disseminate the member's input to other members.
2. Materials that are important for the Board or committee to be able to effectively address business at a meeting shall be distributed in advance to the members, giving them enough time to review the materials before the meeting. Each member is responsible for reviewing the materials before all meetings and preparing adequately for each meeting to be able to make a meaningful contribution.
3. The Board takes orientation of new members and the continuing education of all members seriously. Members will be educated by attending workshops, seminars, or other meetings. Individual Board members should also seek to continually educate themselves on topics and issues relevant to the Company and its business.

IV. Operation of the Board

1. The Board shall elect one member to serve as the Chairman. The independent directors shall annually appoint a Lead Director.
2. The Board shall meet as often as necessary, but at least four times each fiscal year. The Chairman is responsible for determining the frequency and length of meetings and approving an agenda for each meeting.
3. Executive Sessions. Each meeting of the Audit and Compliance Committee shall include an executive session which may include only independent directors.
4. The Board shall create committees to help it carry out its duties and responsibilities. Board committees shall include Audit and Compliance,

Nominating and Corporate Governance and Compensation. The Chairman will assign members to each committee. All members of the above three committees will be independent.

V. Director Compensation

Independent board members are compensated at a level consistent with the Company's desire to attract and retain individuals who will make a meaningful and significant contribution to the Company. Compensation shall include an annual retainer, fees for attendance at meetings and an award of option(s) to purchase common stock. Total annual compensation shall be reasonable given the duties undertaken by each Director. Chairs of committees may receive a chair fee, to be set by the Board. Directors will not usually be engaged as consultants to the Company. Employee-directors shall receive no additional compensation or benefits.

VI. Management Succession

The Audit and Compliance Committee shall periodically discuss plans for selection and succession of all key managers, including the CEO. The Board has approved formation of the Office of the CEO, whose members shall periodically meet to review policy and operational matters. In the event of a need to replace an executive officer or to fill a vacancy the Office of the CEO, working with the Nominating and Corporate Governance Committee is empowered to take appropriate action.

VII. Performance Evaluation

The Board shall annually evaluate its performance and the performance of its committees.