

CAPTURING  
OPPORTUNITIES  
2016 ANNUAL REPORT



Cubic Corporation designs, integrates and operates systems, products and services that increase situational awareness for our customers in the transportation and defense industries.

**At Cubic, we:**

- Solve complex problems with innovative technology, systems and solutions
- Collect and analyze large-scale data that is usable to our customers
- Make it our mission to increase efficiencies, reduce costs and improve the user experience
- Accelerate the implementation of next-generation solutions

## Sales Price of Common Shares & Dividends

Q1	2016	\$49.16 / \$40.71	-
	2015	\$54.99 / \$45.40	-
Q2	2016	\$47.87 / \$30.80	\$0.14
	2015	\$53.92 / \$50.44	\$0.14
Q3	2016	\$42.94 / \$38.19	-
	2015	\$51.27 / \$46.92	-
Q4	2016	\$48.36 / \$38.89	\$0.14
	2015	\$47.71 / \$40.33	\$0.14

## Financial Highlights

### AND SUMMARY OF CONSOLIDATED OPERATIONS

	2016	2015	2014	2013	2012
<b>RESULTS OF OPERATIONS</b>	(amounts in thousands, except per share data)				
Sales	\$ 1,461,665	\$ 1,431,045	\$ 1,398,352	\$ 1,361,407	\$ 1,404,084
Cost of sales	1,116,906	1,091,326	1,082,535	1,055,313	1,060,140
Selling, general and administrative expenses	269,593	212,518	181,672	165,230	164,189
Research and development	31,976	17,992	17,959	24,445	28,722
Interest expense	11,199	4,400	4,084	3,427	1,602
Income taxes	(9,212)	48,997	19,831	14,502	40,332
Net income attributable to Cubic (1)	1,735	22,885	69,491	25,086	97,427
<b>PER SHARE DATA</b>					
Net income per share, basic (1)	\$ 0.06	\$ 0.85	\$ 2.59	\$ 0.94	\$ 3.64
Net income per share, diluted (1)	0.06	0.85	2.59	0.94	3.64
Cash dividends	0.27	0.27	0.24	0.24	0.24
<b>SHARES USED IN CALCULATING NET INCOME PER SHARE</b>					
Basic	26,976	26,872	26,787	26,736	26,736
Diluted	27,040	26,938	26,845	26,760	26,736
<b>YEAR-END DATA</b>					
Shareholders' equity related to Cubic	\$ 689,896	\$ 756,288	\$ 782,278	\$ 716,946	\$ 677,171
Equity per share, basic	25.57	28.14	29.20	26.82	25.33
Total assets	1,504,679	1,300,276	1,194,606	1,109,618	1,014,550
Long-term debt	201,012	126,705	102,390	102,920	11,503

This summary should be read in conjunction with the related consolidated financial statements and accompanying notes.

- 1 Results for the year ended September 30, 2015 include the net impact on income tax expense of establishing valuation allowances on U.S. deferred tax assets totaling \$35.8 million. This valuation allowance was reduced by \$6.7 million in the year ended September 30, 2016. See Note 10 of the Consolidated Financial Statements in Item 8 of this Form 10-K for further discussion of the valuation allowance. Results for the year ended September 30, 2013 include the impact of a goodwill impairment charge of \$50.9 million, before the impact of applicable income taxes.

# A LETTER FROM OUR CEO

**Dear Fellow Shareholders,**

Fiscal year 2016 was a pivotal year for Cubic. Since I was appointed president and chief executive officer 2 ½ years ago, Cubic's senior leadership team and I have established Goal 2020. Goal 2020 is Cubic's strategic master plan crafted to drive increased customer focus, market leadership, innovation, effectiveness, and efficiency, and to accelerate our growth and address the increasing pace of change in our markets. In the Q&A section of this report, I describe in detail the individual components of our Goal 2020 strategy and how they are integrated through our *OneCubic* initiative.

In 2016, we significantly expanded and improved our product portfolio. We formed Cubic Mission Solutions to provide leading-edge solutions in the growing command, control, communications, computers, intelligence, surveillance and reconnaissance (C4ISR) market. Due to increasing demand on current programs and with several opportunities to pursue

other larger programs in the U.S. and internationally, we anticipate this business will have top-line growth in the mid-teens with EBITDA margins in the high-teens.

Cubic Mission Solutions consists of four strategic acquisitions completed during the past two years including DTECH Labs, GATR Technologies, TeraLogics, and Vocality International, combined with our legacy data links and secure communications businesses. DTECH Labs provides a wide range of deployable and tactical communications products and services to meet diverse mission requirements. GATR Technologies provides world class satellite communication antenna solutions. TeraLogics provides secure, massively scalable, cloud-based distribution of full motion video. Vocality, our most recent acquisition, provides software solutions that optimize mobile communications links.

## Goal 2020

\$2 billion+ sales with 10%+ EBITDA margin, growing 10%+ year-on-year



Winning The  
Customer



Building  
NextCity  
Globally



Growing  
C4ISR  
Globally



Building  
NextTraining  
Globally



Living  
*One Cubic*

We have made great strides to improve our market leading positions with innovation. In transportation, we are unique in having deployed proven next-generation solutions in Chicago, Vancouver and London, which form the basis of our OneAccount platform. This, coupled with our award-winning Ventra mobile solution, allows customers to utilize

completed important milestones, including key phases of our *OneCubic* enterprise resource planning system implementation. We also streamlined our manufacturing processes and reduced our supply chain vendors by more than 50 percent and



“Goal 2020 is Cubic’s strategic master plan crafted to drive increased customer focus, market leadership, innovation, effectiveness, and efficiency, and to accelerate our growth and address the increasing pace of change in our markets.”

a single account for all of their transportation payments across an urban region. Today, we have achieved more than 60 percent market share of ridership in the United States, Canada, United Kingdom, and Australia. We are seeing increased demand and refresh opportunities for our new technologies across our large installed customer base and in the broader market.

We are also transforming defense training by applying a variety of new technologies to increase the operational readiness of our customers globally. We have combined training and gaming technologies in the Littoral Combat Ship program that shows great promise for the U.S. Navy as it launches new ship platforms and increases the size of its fleet. We are combining live, virtual and constructive simulation techniques to revolutionize next-generation fighter pilot training. We are creating an information, surveillance reconnaissance and social media synthetic environment to increase training environment complexity and we are utilizing augmented reality to enhance training fidelity. We are also starting to see traction with our HALO, software definable antenna technology that will bring networked wideband communications to our customers to support the U.S. Department of Defense anti-access and area denial initiatives.

This year we also took important steps forward in our enterprise transformation. We made significant investments in our *OneCubic* initiatives and

consolidated our manufacturing processes into one organization. These actions saved over \$15 million in supply chain costs, which will have a positive impact on future earnings. By implementing *OneCubic* initiatives, our goal is to improve our operating profit margin by 200 to 250 basis points by fiscal year 2019.

We also greatly enhanced our leadership team. Dave Buss, who recently retired from the U.S. Navy as a vice admiral, was appointed to lead our defense business and Mike Twyman, a C4ISR executive with 30 years of industry experience, was chosen to lead our mission solutions business. Matt Cole, the architect of our NextCity vision, had a great first year leading our transportation segment and I am enthusiastic about his plans for the next phase of growth in this segment.

While our sales grew modestly, the year concluded with a disappointing fourth quarter. Due to a change in funding priorities, our department of defense

## Sales by Country/Region <sup>1</sup>

(millions)	2016	2015	2014
United States	\$827.0	\$765.0	\$749.9
United Kingdom	243.0	282.4	294.4
Australia	154.0	164.6	161.9
Far East/Middle East	128.4	123.0	118.6
Canada/Other	109.3	96.0	73.6
<b>Total sales</b>	<b>\$1,461.7</b>	<b>\$1,431.0</b>	<b>\$1,398.4</b>

customer delayed the funding and shipping of a few orders in our defense systems segment. Under the new administration, we anticipate the U.S. defense market for our systems and services will improve starting in 2018.

### 2017 Outlook

The next few years are pivotal for Cubic's future as we leverage *OneCubic* investments toward achieving Goal 2020 targets. We anticipate better financial performance in fiscal year 2017, driven by improved performance in defense systems and growth in our C4ISR business. We expect a decision next summer to move from low-rate initial production to full-rate production on the U.S. Army Transportable Tactical Command Communications program, or T2C2. Under this program of record, our GATR subsidiary was chosen for its innovative inflatable satellite antennas.

Our organic growth prospects in transportation are also sound. We expect an upgrade cycle for next-generation solutions across our customer base, a trend which has already begun with recent awards such as Miami, Baltimore and Sydney. The most significant opportunity is New York City. In July we submitted our bid and anticipate an award decision in the spring of 2017. As the market leader, our credentials to win this and other upgrade opportunities are very strong.

We have the best resume in the transportation payment solutions industry. Our track record of success has been galvanized this year with the completion of the Compass project in Vancouver, our award-winning Ventra mobile solution in Chicago, and the continued global accolades we receive for the system in London. With these projects, we are the foremost integrator of mobile,

account-based and open payment solutions in the industry. We also have a strong pipeline of opportunities to enter additional markets in cities where we are not currently incumbent.

Our capital allocation priorities remain unchanged. Paying down debt is our first priority. Secondly, we want to fund organic growth. We expect our organic growth will improve late in 2017 with a contract decision in New York and from an improving defense environment. Thirdly, we will continue to make acquisitions tied to our strategic priorities in C4ISR, NextTraining and NextCity.

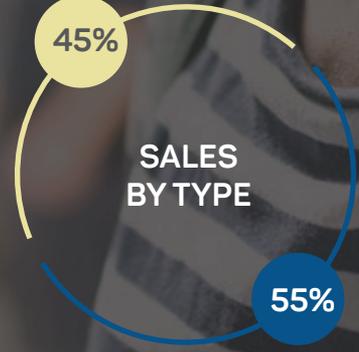
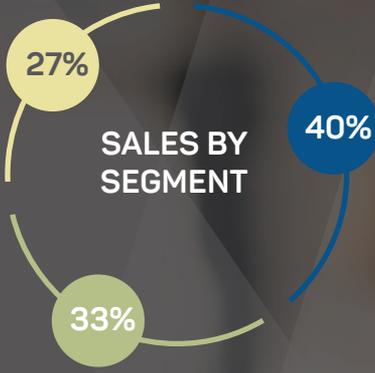
We have paid cash dividends to our shareholders since 1971 and we believe a stable, long-term dividend combined with growth is important for Cubic shareholders. Our dividend capacity is tied to our U.S. profitability, which we expect will improve starting in fiscal year 2018. This will give us more flexibility to raise our dividend over the long term.

In closing, I would like to extend my appreciation to our board of directors for their shared vision, counsel and support. To our 8,500 employees working in 26 nations, I thank you for your dedication, innovative drive and hard work that are essential to Cubic's prosperity. To our shareholders, we thank you for your continued support. We pledge our total commitment as we make Cubic even better.



Bradley H. Feldmann  
President and CEO  
December 23, 2016

FY16 SALES  
**\$1,462**  
MILLION



- Cubic Transportation Systems
- Cubic Global Defense Systems
- Cubic Global Defense Services

- Products
- Services

CONSOLIDATED SALES millions

2016	\$1,462
2015	\$1,431
2014	\$1,398

OPERATING INCOME millions

2016 / \$7	
2015	\$75
2014	\$92

ADJUSTED EBITDA millions

2016	\$118
2015	\$140
2014	\$130

FULLY DILUTED EARNINGS PER SHARE

2016 / \$0.06	
2015	\$0.85
2014	\$2.59

Adjusted EBITDA

Operating Income represents operating income plus expenses incurred in the development of our ERP system and the redesign of our supply chain; business acquisition expenses including retention bonus expenses, due diligence and consulting costs incurred in connection with the acquisitions, expenses recognized related to the change in the fair value of contingent consideration for acquisitions; goodwill impairment charges; and restructuring costs. Adjusted Operating Income is not a measurement of financial performance under GAAP and should not be considered an alternative to operating income as a measure of performance.

Fully Diluted EPS represents diluted EPS plus the impact of adding back the following expenses, net of applicable income taxes: expenses incurred in the development of our ERP system and the redesign of our supply chain; business acquisition expenses including retention bonus expenses, due diligence and consulting costs incurred in connection with the acquisitions, expenses recognized related to the change in the fair value of contingent consideration for acquisitions; goodwill impairment charges; restructuring costs; and the impact of a 2015 valuation on U.S. deferred tax assets. Adjusted Diluted EPS is not a measurement of financial performance under GAAP and should not be considered an alternative to diluted EPS as a measure of performance.

Adjusted EBITDA represents net income plus net interest expense; income tax expense; depreciation expense; amortization expense; expenses incurred in the development of our ERP system and the redesign of our supply chain; business acquisition expenses including retention bonus expenses, due diligence and consulting costs incurred in connection with the acquisitions, expenses recognized related to the change in the fair value of contingent consideration for acquisitions; goodwill impairment charges; restructuring costs; and income and expenses classified as other non-operating income and expenses. Adjusted EBITDA is not a measurement of financial performance under GAAP and should not be considered an alternative to net income as a measure of performance.

For a reconciliation of non-GAAP financial measures to the most directly comparable GAAP financial measures, please visit [www.cubic.com](http://www.cubic.com).

## Questions and Answers with Brad Feldmann, President and Chief Executive Officer



Goal 2020, Cubic's strategic master plan, establishes key priorities for Cubic and drives the innovation and efficiencies we need in order to be the global market leader in defense and transportation, achieve \$2.0B+ in sales growing at 10%+ with 10%+ operating margins, and expand the professional development of our talented employees. Our key priorities are *Winning the Customer*, Building NextCity globally, Growing C4ISR globally, Building NextTraining globally, and Living *OneCubic*.

### *Winning the Customer*

#### **Cubic is a diversified technology company with customers around the world. How do you compete for customers in globally competitive markets and retain their business?**

*Winning The Customer* is absolutely paramount to our success. We simply must do better with the customer than anyone else. We must deliver early, be more responsive and empathetic, discover key insights, and continuously innovate faster than the competition. We must provide our customers with superior solutions spurred by innovation and ultimate customer focus. We must earn their trust and loyalty.

#### **What are some recent examples of how Cubic is *Winning The Customer*?**

Innovation is part of our culture. Our industry recognized achievements give us credentials as thought leaders and help us earn the trust of our customers. Below are a few examples.

- **Innovation Blue Ribbon Award and Recognition as Top Simulation & Training Company** by *Military Training International magazine*. Published by Defense House Publishing, it is one of the most frequently referenced military training and simulation publications focusing on live, virtual and constructive training solutions.
- **Innovation award for Chicago Ventra app which has exceeded one million downloads** and enables transit riders to plan, manage and pay for their journeys.
- **Multiple innovation awards for NextAgent - a virtual walk-up ticket office, integrating a ticket vending machine and a video-linked call center**
  - Co-Winner, *Best Product/Innovation of the Year*, Global AirRail Alliance
  - Co-Winner, *ITS UK Award for Excellence*, for NextAgent Virtual Ticketing at Stansted Airport
  - Co-Winner, *SmartRail Europe Innovation Award*
- **Most Innovative New Product Award in Defense, Transportation and Cybersecurity at the 2016 CONNECT Awards**. GATR Technologies received the *Most Innovative New Product Award* – during an event planned to honor the celebrities of innovation along with groundbreaking new products.

## Building NextCity Globally

### **Can you help us understand what NextCity means in terms of growth?**

The megatrends of population growth, urbanization and the resultant congestion are posing challenges to cities around the globe. NextCity is our visionary framework to meet growing demand for urban mobility and how technology can be leveraged to reduce congestion.

Ultimately, we believe the way travelers plan and manage their journeys will be entirely integrated with how they pay for those journeys. We are winning contracts around the globe to provide our integrated payment and information solutions for all modes of transport – not just mass transit. Recent examples include next-generation solutions in Chicago, Miami, Sydney, and London, a tolling back-office solution for New Hampshire Department of Transportation, asset management services for the London Cycle Hire scheme, and our NextAgent virtual ticketing office for the Singapore Land Transport Authority.

We anticipate continuing and growing demand for system upgrades to include mobile and open payment solutions across our customer base.

### **What are the adjacent markets that expand the company's addressable market beyond automated fare collection?**

Through strategic acquisitions, innovation and adjacent market entry we are expanding our core market beyond automated fare collection including:

- Tolling
- Traffic management
- Transportation analytics
- Real time passenger information
- Mobile payment and information systems
- Fare and transportation payment

### **Day-to-day, who is leading the effort to implement Cubic's NextCity strategy?**

Matt Cole, president of Cubic Transportation Systems, established this strategy and has fostered it ever since. Matt was recently named as one of *The Top 10 Private Sector Disruptors in Transportation* by Eno Transportation, a Washington, D.C. think tank that promotes policy innovation for transportation. He was also recognized by Mass Transit magazine as one of its *Top 40 Under 40* honorees who have made significant contributions to the public transit industry.

## Growing C4ISR Globally

### **Recently Cubic has expanded into C4ISR with the acquisition of DTECH Labs, TeraLogics, GATR Technologies, and most recently Vocality International. How do these businesses fit together?**

Secure communications is in high demand by national security forces that carry out defense, intelligence, security, and commercial missions. We have a unique set of capabilities to meet their need. Since 2014 we have been building a C4ISR business. Our end-to-end solution captures, exploits and disseminates critical information without borders, across technologies and with full mobility.

Our capabilities include secure communications, ruggedized networks, full motion video, and inflatable antennas that are revolutionizing the ultra-portable satellite communications industry. Our expertise unifies communications platforms, enhances voice quality, increases video performance, and improves data throughput.

### **What are your expectations for Cubic Mission Solutions over the next few years?**

Several catalysts will support our growth. On the T2C2 program, our GATR subsidiary expects to transition from low-rate initial production to high-rate production in fiscal year 2017. In addition, our DTECH subsidiary expects to fulfill orders for tactical data center equipment in 2017 that were delayed in 2016 because of funding constraints.

Lastly, we will expand upon Vocality's international presence and leverage our C4ISR solutions into new international markets. Vocality received the *2016 Queen's Award for Enterprise* in recognition of outstanding exports across Europe and the rest of the world. This award is the U.K.'s highest business accolade.

Over the long term, our C4ISR capabilities will give us the credentials to pursue larger programs.

### **Day-to-day, who is leading the effort to implement Cubic's C4ISR strategy?**

Mike Twyman, president of Cubic Mission Solutions is the chief architect of the C4ISR strategy and is leading its successful implementation. He is a 30-year veteran in the defense industry. He has set a clear path for Cubic's growth in the higher margin, high growth C4ISR market.

## **Building NextTraining Globally**

### **What key changes are taking place in the defense market today that impact your business and how are you addressing them?**

Innovations in simulation technologies and a budget constrained environment are key trends influencing the defense training market. We are at the forefront of providing cutting-edge technical solutions that provide cost-effective training, increase operational readiness in security and military forces in the U.S. and abroad, and improve training proficiency based on actual training performance outcomes. As an example of our leadership, Cubic was chosen by the Air Force Research Lab to help develop and demonstrate an integrated live, virtual and constructive (LVC) air combat training system. Our work is part of a larger program called the Secure LVC Advanced Training Environment Advanced Technology Demonstration that will develop and demonstrate the future of training. We are also at the forefront of



developing game-based learning solutions that employ 21st century training technologies to reinforce training and readiness goals while reducing costs.

### **How will the new administration in Washington D.C. impact your defense business?**

The new administration has explicitly stated a desire to rebuild both our nation's military capacity and the readiness of the forces. If President-elect Trump's defense policy initiatives for military readiness and training are implemented, all of our defense businesses are likely to benefit. Additionally, we expect to see benefits with reduced corporate taxes and the tax abatement on repatriating overseas cash. At a minimum, we remain hopeful that with executive and legislative party alignment there will be an overall budget deal that will eliminate the sequester which delayed approval of the 2017 department of defense budget.

### **Day-to-day, who is leading effort to implement Cubic's NextTraining strategy?**

David Buss, president of Cubic Global Defense, is an exceptional leader. He has a wealth of experience, as well as a deep understanding of the military training and readiness business. Prior to joining Cubic, Buss served more than 36 years in the U.S. Navy where he retired in the rank of vice admiral after serving more than two years as commander, a position commonly known within the Navy as "air boss".

## **Living *OneCubic***

### **Culture is becoming more important to customers. How is Cubic's culture changing and how will it contribute to the company's success?**

Sharing is the foundation of our cultural identity. We want smart sharing. That is a key reason why our customer facing functions are decentralized. This ensures customer intimacy and responsiveness. Our support functions are shared to ensure leverage and scale. Our strategy is shared through the Goal 2020 master plan. Our technologies and innovations are shared through an established internal network, facilitated by our chief innovation officer.

We have tremendous resources at this great company. For the good of everyone we serve, both internally and externally, we are breaking down cultural and business silos in favor of collaboration. Our initiative is *OneCubic*. Living *OneCubic* means that we share our people, ideas, technologies, strategies, innovations, and global footprint.

A strong and energized culture will enable us to outperform by executing our strategic imperatives. From talent management, leadership meetings and innovation, to an enterprise resource planning system, many initiatives are underway to engage and reinforce a culture of collaboration so that we can perform at our maximum collective ability and retain and attract talented people.

### **The company is making a significant investment in ERP. What's the biggest challenge so far and how much of the system has been implemented across the company? Is the project on track? When do you expect to complete it?**

Our new enterprise resource planning (ERP) system is our most fundamental transformational investment. Early on, we initiated a change management and communication plan which helped our employees understand and articulate the need for this change. While the implementation has been challenging, so far, we have avoided major pitfalls by greatly minimizing ERP customization.

As a result, our ERP implementation is on track. The system was first rolled out to corporate processes and employees in April and then to the North American defense systems business in October. The rest of our businesses will follow based on a quarterly rollout schedule. We expect to complete the process in early fiscal year 2018.

## Fiscal Year 2016 in Review

### OCTOBER 2015

- Transport for London and Cubic's contactless system won *Most Innovative Transport Project* at National Transport Awards in London
- Delivered simulation training to Ulchi Freedom Guardian 2015 exercise, the largest, distributed, simulation-driven exercise in the world

### NOVEMBER 2015

- Awarded \$52 million E-ZPass back-office system contract by New Hampshire Department of Transportation
- Signed three-year contract extension to operate and maintain Brisbane go card system
- Launched Ventra Mobile App for Chicago Transit Authority, Pace and Metra

### DECEMBER 2015

- Opened Cubic Innovation Centre in London to drive mobility advances in urban transportation
- Acquired TeraLogics, LLC and announced the signing of a definitive agreement to acquire GATR Technologies, Inc.
- Achieved service commencement in Vancouver

### JANUARY 2016

- Awarded \$15 million task order to support U.S. Army's Force 2025 and Beyond strategy objectives

### FEBRUARY 2016

- Completed acquisition of GATR Technologies
- Awarded \$33.7 million contract to support simulation training at the Joint Multinational Simulation Center in Grafenwoehr, Germany
- Awarded \$44 million in orders by the U.S. Army for I-MILES IWS

### MARCH 2016

- Awarded \$76.4 million IDIQ contract from Defense Logistics Agency for Personnel Locator Systems
- Began pilot trial of NextAgent virtual ticketing solution in Germany

### APRIL 2016

- Commenced the project for an open payment trial in Sydney
- Received *Product Innovation of the Year* for NextAgent self-service video ticket office at SmartRail Europe Innovation Awards

### MAY 2016

- Cubic and industry partners awarded \$200 million contract by U.S. Air Force Research Laboratory for Warfighter Readiness and Training Research
- Cubic's GATR Technologies received order to support the U.S. Army's Transportable Tactical Command Communications (T2C2) program
- Achieved milestone of one billion Ventra transactions

### JUNE 2016

- Increased Joint Training Effectiveness with successful integration of air and ground training systems during Exercise Maple Resolve

### JULY 2016

- TfL and Cubic agreed on license for use of London's contactless ticketing system worldwide
- Awarded a five-year \$73 million follow-on contract to support U.S. Marine Corps aviation training
- Achieved milestone of more than one million Compass cards in use in Vancouver
- Received \$13.9 million contract to support U.S. Army's Bradley Fighting Vehicle Conduct of Fire Trainer
- Received *Scheme or Product of the Year* for NextAgent virtual ticket office at the 2016 ITS United Kingdom Awards for Excellence

### AUGUST 2016

- Cubic participated in \$1.75 billion FTSS IV IDIQ multiple award contract to Support U.S. Navy and Marine Corps
- Awarded \$33 million contract to take Miami Transit's EASY Card System to the Cloud, enabling mobile and open payment
- Awarded \$52 million contract modification to continue support of U.S. Army's Joint Readiness Training Center
- Awarded nearly \$80 million from Navy's FTSS IV IDIQ multiple award contract to support aviation training

### SEPTEMBER 2016

- Awarded \$35.5 million contract to supply fare collection equipment for Singapore Land Transport Authority's future Thomson-East Coast Line
- Received \$12.7 million contract extension from MARTA for Breeze Card in Atlanta, options could increase value to \$52 million
- Received APTA Innovation award for the Chicago Ventra mobile app, which now has over 1 million downloads

A nighttime photograph of a city skyline, likely Chicago, featuring several illuminated skyscrapers and a bridge over a river. The image is overlaid with a dark, semi-transparent geometric shape containing text. The background is a vibrant blue and yellow, with the city lights providing a warm contrast.

## Cubic Transportation Systems

A leading integrator of payment and information technology and services for intelligent travel solutions.

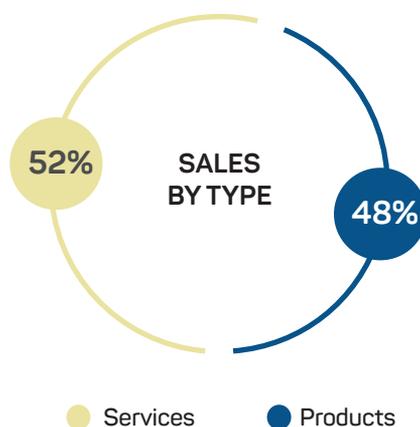


### Core Capabilities

- Transportation revenue management (including our long-term core business of fare collection)
- Real time passenger information
- Traffic management solutions
- Road safety enforcement solutions
- Front-line and back-office services

### Market Drivers

- Urbanization and population growth
- Mobile devices
- Shared transportation services
- Flexible payment systems
- Data analytics





## Cubic Global Defense

A leading global defense company that provides innovative systems, products, solutions and technical services to government and commercial customers worldwide.

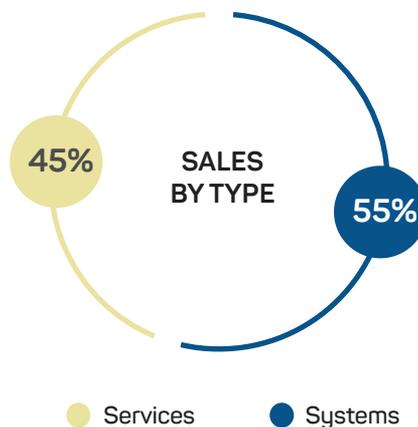


### Core Capabilities

- Training systems and services
- Virtual, immersive and game-based training solutions
- Special operations and national security solutions
- Range design solutions
- Secure communications, networking and cyber

### Market Drivers

- Security concerns around the globe
- Integrated, pervasive, agile, and secure communications and networking on the battlefield
- Constrained global defense budgets
- Home station training and realistic LVC-G synthetic environments



## A LETTER FROM THE CHAIRMAN

Your board is focused on supporting the company's strategy for long-term growth. We spend a significant amount of our time evaluating opportunities to build on Cubic's market leadership in defense and transportation and to increase shareholder value over the long term. Our oversight includes a disciplined evaluation of the way the company manages and allocates capital and assesses risk management of the enterprise.

This year the board engaged with Cubic's president and CEO, Brad Feldmann, and his executive management team to review and assess our Goal 2020 objective. This strategic direction, as highlighted in Brad's letter, lays out a framework for the company to achieve its goals by focusing on our core markets and being an innovative market leader. The board is confident that Cubic's management team will succeed in taking on the challenges and opportunities to achieve our Goal 2020 objectives.

I would like to extend my thanks to Dr. Robert Sullivan. After more than 10 years of service as our lead independent director, he is stepping down from the board in February at Cubic's annual shareholder meeting. Dr. Sullivan was an outstanding director and his highly valued contributions will last far beyond his tenure. We all wish him well.

In December after the close of the fiscal year, the board nominated Ms. Maureen Breakiron-Evans as a new independent director. Maureen is a certified public accountant and an experienced board member in the financial services industry. She currently serves on the boards of Ally Bank and Cognizant Technology Solutions. We anticipate she will formally join Cubic's board in February 2017, following a vote of shareholders at company's annual meeting. The board is delighted to have identified such an outstanding individual. I'm certain she will have an important and positive influence on our company.

In closing, I thank you for your support and continued interest in Cubic as we strive to deliver value for each of you—our shareholders, business partners and employees.

Thank you for being a loyal shareholder. We remain committed to continuing our transformation toward long-term growth and prosperity.



Walter C. Zable  
Chairman of the Board of Directors  
Cubic Corporation  
December 23, 2016



## Directors & Officers

### DIRECTORS

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#### **Bradley H. Feldmann**

##### **Director**

President and Chief Executive Officer of Cubic Corporation (Classified Business Oversight Committee)

#### **Bruce G. Blakley**

##### **Independent Director**

Retired Managing Partner in San Diego Office of PricewaterhouseCoopers (Chair – Audit and Compliance Committee, Executive Compensation Committee)

#### **Edwin A. Guiles**

##### **Independent Director**

Retired Executive Vice President of Corporate Development with Sempra Energy  
Former Chairman and CEO of San Diego Gas & Electric Company and Southern California Gas Company (Audit and Compliance Committee, Executive Compensation Committee)

#### **Janice M. Hamby**

##### **Independent Director**

Retired U.S. Navy Rear Admiral | Chancellor at the Information Resources Management College (IRMC/College), National Defense University in Washington, D.C. (Classified Business Oversight Committee, Ethics and Corporate Responsibility Committee)

#### **Steven J. Norris**

##### **Independent Director**

Chairman of Soho Estates  
President ITS UK  
Former member of Parliament and Minister of Transport (Chair - Ethics and Corporate Responsibility Committee, Nominating and Corporate Governance Committee)

#### **Robert S. Sullivan**

##### **Lead Independent Director**

Dean of the Rady School of Management, University of California, San Diego (Chair - Executive Compensation Committee, Audit and Compliance Committee, Nominating and Corporate Governance Committee)

#### **John H. Warner, Jr.**

##### **Independent Director**

Retired Executive Vice President and Director, Science Applications International Corporation (Chair - Classified Business Oversight Committee, Chair - Nominating and Corporate Governance Committee, Audit and Compliance Committee, Ethics and Corporate Responsibility Committee)

#### **Walter C. Zable**

##### **Director**

Chairman of the Board  
(Classified Business Oversight Committee)

### OFFICERS

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#### **Bradley H. Feldmann**

President and Chief Executive Officer of Cubic Corporation

#### **John D. Thomas**

Executive Vice President, Chief Financial Officer of Cubic Corporation

#### **James R. Edwards**

Senior Vice President, General Counsel and Secretary

#### **Mark A. Harrison**

Senior Vice President and Corporate Controller (Principal Accounting Officer)

#### **David H. Buss**

President of Cubic Global Defense and Senior Vice President of Cubic Corporation

#### **Matthew J. Cole**

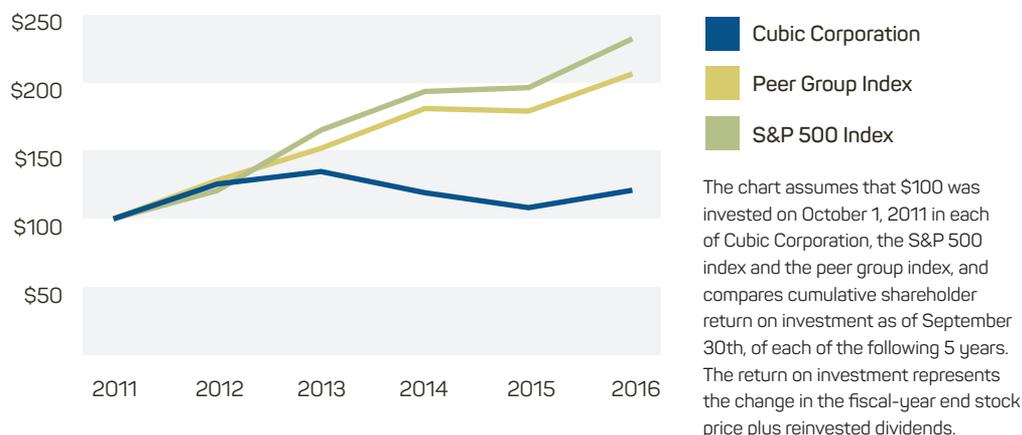
President of Cubic Transportation Systems and Senior Vice President of Cubic Corporation

#### **Michael R. Twyman**

President of Cubic Mission Solutions and Senior Vice President of Cubic Corporation

## Shareholder Information

### STOCK PERFORMANCE GRAPH



#### Annual Meeting

The 2017 Annual Meeting will be held in the main conference room at Cubic's headquarters.

#### Location

Cubic Corporation  
9333 Balboa Avenue, San Diego, California 92123

#### Date and Time

February 20, 2017, 11:30 a.m. Pacific Time

Shareholders of record on December 23, 2016 are being sent formal notice of the meeting, together with the proxy form and statement.

#### Company News

Visit [www.cubic.com](http://www.cubic.com) for a link to Securities and Exchange Commission filings, quarterly earnings reports, and other company news. Additional investor information is available at the "Investor Relations" tab of the company's website, including:

- Corporate governance information
- Company ethics policies
- Contact information
- Annual Reports
- Committee Charters

Cubic will furnish its 2016 Annual Report to shareholders, its annual SEC form 10-K [excluding exhibits], and ethics policies without charge to shareholders upon their written request by mail or e-mail.

#### Listing

New York Stock Exchange [NYSE]

#### Symbol

CUB

#### Shareholders of Record at September 30, 2016

611

#### Shareholder Services

Shareholders with questions on account balances, dividend checks, reinvestment, or direct deposit; address changes; lost or misplaced stock certificates; or other shareholder account matters may contact Cubic's stock transfer agent, registrar, and dividend disbursing agent:

#### American Stock Transfer and Trust Company

BY TELEPHONE  
(800) 937-5449

BY INTERNET  
[www.amstock.com](http://www.amstock.com)  
[info@amstock.com](mailto:info@amstock.com)

BY REGULAR MAIL  
American Stock Transfer & Trust Company  
Operations Center, 6201 15th Avenue  
Brooklyn, NY 11219

#### Cubic Corporation

For shareholder questions on other matters related to Cubic, contact:

BY REGULAR MAIL  
Cubic Corporation  
Diane L. Dyer  
Director Investor Relations  
9333 Balboa Avenue  
San Diego, California 92123

BY E-MAIL  
[investor.relations@cubic.com](mailto:investor.relations@cubic.com)

BY TELEPHONE  
Investor Line: (858) 505-2222

#### Auditors

Ernst & Young LLP