

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.

Guidelines for service are as follows:

1. Board members should serve on no more than two other public company boards of directors.
2. The Board will continue to use the formal annual individual evaluation of director qualifications as the primary means to determine continued board membership. This evaluation and refreshment process will be described in the proxy and on the website.
3. The Board will institute a more formal succession planning process for the Board membership addressing both the near term and 5 year needs of the company and including an orderly transition of Board members.
4. The Board will endeavor to have regular refreshment and reasonably staggered tenures (e.g. short, mid and long) and reasonably staggered ages for Board members and,
5. The Board will endeavor to maintain an average Board tenure of 10 years and an average age of 68 years.
6. In addition, the Board will endeavor to limit individual board tenure to 12 years and/or the age of 75 years. These metrics are not absolute but are guidelines for maximums. When either of these individual member maximums is reached, there must be compelling reasons for continued board participation. When both individual maximums are reached, there will be a strong presumption for transition off the Board.

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 \$120,000 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 Chair.
 - A. The Chair has the authority to call full meetings of the Board of Directors and will preside at meetings.
 - B. The Chair has primarily responsibility for shaping Board agendas (in consultation with the Lead Director).
 - C. The Chair communicates with all directors on key issues and concerns outside Board meetings.

2. The independent directors shall annually appoint a Lead Director, with the anticipation that an element of continuity is important for some extended period of time to provide appropriate leadership balance to the chair/CEO.
 - A. The Lead Director shall consult with the Chair and approve all Board meeting agendas, including the frequency of meetings, type of information and quantity provided. Will assist the Chair to facilitate full and candid Board discussions, ensure all directors express their views on key matters and assist the Board in achieving a consensus.
 - B. The Lead Director will be authorized to attend all committee meetings as appropriate.
 - C. The Lead Director will collaborate with the Compensation Committee on the annual performance evaluation of the CEO, and with the Nominating and Corporate Governance Committee on the performance and structure of the Board of Directors and its Committees, including the performance of individual directors.
 - D. The Lead Director will preside at all meetings at which the Chair is not present, including executive sessions of the nonemployee directors, and will brief Chair regarding issues considered.
 - E. The Lead Director may call meetings of the independent directors when necessary and appropriate; and perform such other duties as the Board may from time to time designate.
 - F. The Lead Director will facilitate discussion among independent directors on key issues and concerns outside Board meetings, including contributing to the oversight of CEO and management succession planning.

3. Executive Sessions. Each meeting of the Audit and Compliance Committee shall include an executive session which may include only independent directors. Each meeting of the Board shall include executive sessions; one with the full Board and one with the 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, Executive Compensation, Ethics and Corporate Responsibility and Classified Business Oversight. The Board will name members to each committee. All members of the committees will be independent, other than the CBOC, which may have employee directors as members.

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 annual retainers based on Committee membership, positions as chairs of Committees, Lead Director and Chair roles, and equity compensation. Total annual compensation shall be reasonable given the duties undertaken by each Director. Directors will not usually be engaged as consultants to the Company. Employee-directors shall receive no additional compensation or benefits.

VI. Management Succession

The Nominating and Governance Committee shall periodically discuss plans for selection and succession of all key managers, including the CEO.

VII. Performance Evaluation

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