CUBIC CORP /DE/
Form PRE 14A
January 04, 2019

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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 ý

Filed by a Party other than the Registrant o

Check the appropriate box:

ý Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

o Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

CUBIC CORPORATION

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o 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):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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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PRINCIPAL EXECUTIVE OFFICE
9333 Balboa Avenue
San Diego, California 92123

January , 2019

Dear Fellow Shareholders:

You are cordially invited to attend Cubic Corporation's 2019 Annual Meeting of Shareholders to be held in the Main Conference Room at the Headquarters of the Company, at 9333 Balboa Avenue, San Diego, California 92123, on February 18, 2019, at 11:30 a.m. Pacific Time. The formal notice and proxy statement follow. The Company's 2018 Annual Report is enclosed.

Your vote is important. Whether or not you plan to attend the meeting, we urge you to read the proxy statement carefully and to vote by telephone or Internet, or by signing and returning the enclosed proxy.

On behalf of the Board of Directors, thank you for your continued support of Cubic Corporation.

Sincerely yours,

Bradley H. Feldmann

Chairman of the Board, President and Chief Executive Officer

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PARTICIPATE IN THE FUTURE OF CUBIC CORPORATION; CAST YOUR VOTE RIGHT AWAY

It is very important that you vote. New York Stock Exchange ("NYSE") rules state that if your shares are held through a broker, bank or other nominee, they cannot vote on your behalf on non-discretionary matters.

Please cast your vote right away on all of the proposals listed below to ensure that your shares are represented.

Proposals which require your vote

		More information	Board recommendation
PROPOSAL 1	Election of nine directors	Page 3	**FOR** each nominee
PROPOSAL 2	Approval, on an advisory basis, of Cubic Corporation's named executive officer compensation	Page 15	**FOR**
PROPOSAL 3	Approval of Amendments to the Amended and Restated Certificate of Incorporation of Cubic Corporation	Page 37	**(See Below)**
PROPOSAL 3(a)	Approval of Amendments to the Amended and Restated Certificate of Incorporation of Cubic Corporation to Eliminate Supermajority Voting Requirements for Certain Business Combinations.	Page 38	**FOR**
PROPOSAL 3(b)	Approval of Amendments to the Amended and Restated Certificate of Incorporation of Cubic Corporation to Eliminate Supermajority Voting Requirements for the Board of Directors to Amend Cubic Corporation's Bylaws to Change the Authorized Number of Directors.	Page 38	**FOR**
PROPOSAL 3(c)	Approval of Amendments to the Amended and Restated Certificate of Incorporation of Cubic Corporation to Eliminate Supermajority Voting Requirements for Shareholders to Amend Cubic Corporation's Bylaws.	Page 39	**FOR**

PROPOSAL 3(d)	Approval of Amendments to the Amended and Restated Certificate of Incorporation of Cubic Corporation to Eliminate Supermajority Voting Requirements for Amendments to Certain Provisions of the Amended and Restated Certificate of Incorporation of Cubic Corporation.	Page 39	**FOR**
PROPOSAL 4	Approval of the amendment and restatement of the Cubic Corporation 2015 Incentive Award Plan	Page 40	**FOR**
PROPOSAL 5	Ratification of Ernst & Young LLP as Cubic Corporation's independent public accountant for 2019	Page 48	**FOR**

Vote right away

Even if you plan to attend this year's meeting, it is a good idea to vote your shares now, before the meeting, in the event your plans change. Whether you vote by internet, by telephone or by mail, please have your proxy card or voting instruction form in hand and follow the instructions.

By internet using your computer	**By telephone**	**By mailing your proxy card**
Visit 24/7 www.proxyvote.com	Dial toll-free 24/7 1-800-690-6903 or by calling the number provided by your broker, bank or other nominee if your shares are not registered in your name	Cast your ballot, sign your proxy card and send free of postage

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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.**

Notice of Annual Meeting

The 2019 Annual Meeting of Shareholders of Cubic Corporation will be held in the Main Conference Room at the Headquarters of the Company, 9333 Balboa Avenue, San Diego, California 92123, on February 18, 2019, at 11:30 a.m. Pacific Time, for the following purposes:

1. To elect nine directors for the ensuing year: Prithviraj Banerjee, Bruce G. Blakley, Maureen Breakiron-Evans, Bradley H. Feldmann, Edwin A. Guiles, Janice M. Hamby, David F. Melcher, Steven J. Norris and John H. Warner, Jr.;

2. To consider and vote upon, on an advisory basis, the compensation of the Company's named executive officers;

3. To consider and vote upon Amendments to the Company's Amended and Restated Certificate of Incorporation (the "Certificate")

   3(a). To consider and vote upon amendments to the Certificate to eliminate the supermajority voting requirements for certain business combinations.

   3(b). To consider and vote upon amendments to the Certificate to eliminate the supermajority voting requirements for the Board of Directors to amend the Company's Bylaws to change the authorized number of directors.

   3(c). To consider and vote upon amendments to the Certificate to eliminate the supermajority voting requirements for shareholders to amend the Company's Bylaws.

   3(d). To consider and vote upon amendments to the Certificate to eliminate the supermajority voting requirements for amendments to certain provisions of the Certificate.

4. To consider and vote on the amendment and restatement of the Cubic Corporation 2015 Incentive Award Plan;

5. To confirm the selection of Ernst & Young LLP as the Company's independent registered public accountants for fiscal year 2019; and

6. 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 19, 2018 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 , 2019

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PRINCIPAL EXECUTIVE OFFICE
9333 Balboa Avenue
San Diego, California 92123

Proxy Statement

We encourage your personal attendance.

Proxies in the form enclosed and/or as shown at *www.proxyvote.com* are solicited by the Board of Directors (the "Board") for use at the Annual Meeting of Shareholders to be held in San Diego, California, on February 18, 2019, 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 Cubic Corporation ("Cubic" or the "Company") a written revocation or duly executed proxy bearing a later date or by attending the meeting and voting in person. 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, 2019.

This proxy statement and our Annual Report are available electronically at *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 common shares issued and outstanding and entitled to vote are represented by shareholders present at the meeting or by proxy. Abstentions and broker non-votes will be counted towards the quorum requirement. 31,132,991 shares of our common stock were outstanding at December 19, 2018, which is the record date for voting.

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.

If you are a beneficial holder and do not provide specific voting instructions to your broker, we expect that the organization that holds your shares will not be authorized to vote your shares, which would result in "broker non-votes," on proposals other than Proposal 5 ratifying the selection of Ernst & Young LLP as the Company's independent public accountant for 2019. However, whether brokers have discretion to vote on matters is ultimately up to the New York Stock Exchange (which regulates certain banks, brokers and other nominees), and the New York Stock Exchange may make a determination that is different from what we expect to be the case. If that occurs, brokers may be able to vote your shares on matters on which we do not expect them to have discretion to vote. Accordingly,

we strongly encourage you to submit your proxy and exercise your right to vote as a shareholder to ensure your shares are voted in the manner in which you want them voted.

Broker non-votes count to determine a quorum but otherwise have no effect and are not counted towards the vote total for any proposal; however, for Proposal 3(a), Proposal 3(b), Proposal 3(c) and Proposal 3(d), broker non-votes will have the same effect as "Against" votes. Proxies without authority to vote will also not be counted in votes cast. In Proposal 1, nominees for Director are to be elected by an affirmative vote of a majority of the votes cast in favor of such nominee's election. Any incumbent nominee for Director who does not receive an affirmative vote of a majority of the votes cast in favor of such nominee must promptly tender his or her resignation after the Annual Meeting. Proposals 2 and 4 require an affirmative vote of a majority of shares having voting power, present in person or represented by proxy. Proposal 3(a), Proposal 3(b), Proposal 3(c) and Proposal 3(d) each require an affirmative vote of the holders of at least two-thirds (66 2/3%) of the total voting power of all outstanding shares of voting stock of the Company entitled to vote at the meeting.

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 , 2019.

OWNERSHIP OF COMMON STOCK

The following table sets forth information regarding the beneficial ownership of our common stock as of December 19, 2018 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 and nominees;

- 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 31,132,991 shares of common stock outstanding as of December 19, 2018.

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.

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OWNERSHIP OF COMMON STOCK

Name of Beneficial Owner	Shares beneficially owned	Percent Owned (%)
5% Shareholders		
BlackRock Institutional Trust Company, N.A.(1)	4,245,358	13.6
T. Rowe Price Associates, Inc.(2)	3,261,039	10.5
The Vanguard Group(3)	2,466,422	7.9
Directors and Executive Officers		
Bradley H. Feldmann(4)	50,243	*
Anshooman Aga	1,453	*
Prithviraj Banerjee	0	0
Bruce G. Blakley(5)	13,046	*
Maureen Breakiron-Evans	1,742	*
David H. Buss	2,521	*
Matthew J. Cole	8,033	*
Edwin A. Guiles	13,411	*
Janice M. Hamby	3,191	*
David F. Melcher	2,253	*
Steven J. Norris	4,804	*
Michael R. Twyman	13,801	*
John H. Warner, Jr.	26,886	*
All directors and executive officers as a group (16 persons)	159,469	*

*
Less than 1%

(1)
Based solely on information made available to Cubic through the NYSE as of September 30, 2018. BlackRock Institutional Trust Company N.A., 400 Howard Street, San Francisco, CA 94105.

(2)
Based solely on information made available to Cubic through the NYSE as of September 30, 2018. The address of T. Rowe Price Associates, Inc., is 100 East Pratt Street, Baltimore, MD 21202.

(3)
Based solely on information made available to Cubic through the NYSE as of September 30, 2018. The address of The Vanguard Group, Inc. is 100 Vanguard Boulevard, Malvern, PA 19355.

(4)
Includes 33 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. Also includes 3,050 shares held in Mr. Feldmann's IRA and 1,264 shares held indirectly through Mr. Feldmann's 401(k).

(5)

Includes 8,971 shares held in the Blakley Living Trust dtd 2/9/16. Mr. Blakley has voting and investment power over such shares as the trustee of such trust, and disclaims beneficial ownership of such shares except to the extent of his pecuniary interest therein. Also includes 190 shares held indirectly through Mr. Blakley's IRA account.

PROPOSAL 1:
ELECTION OF DIRECTORS

Our Board of Directors ("Board") has nine members who are to be elected by a majority vote at the Annual Meeting, each to hold office for one year and until his or her successor is elected. The Nominating and Corporate Governance Committee and the Board have recommended the election of the nine directors listed below. Eight nominated directors are independent ("Independent Directors") and one is an executive employee 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. 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.

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THE BOARD OF DIRECTORS

Corporate Governance

The Company's Corporate Governance Guidelines and the Charters of the Audit and Compliance Committee, the Executive Compensation Committee, the Nominating and Corporate Governance Committee, the Classified Business Oversight Committee, the Technology Strategy Committee and the Ethics and Corporate Responsibility Committee, the Ethical Conduct Policies, including those applicable to our principal executive, financial and accounting officers, and our Employee Conflicts of Interest Policy, are all available on our website: *cubic.com/Investor-Relations/Corporate-Governance*. The information contained on our website is not incorporated by reference in, or considered part of, this proxy statement.

Director Continuing Education

Upon joining the Board, directors are provided with an orientation about the Company, including our business operations, strategy and governance. Directors may attend outside director continuing education programs sponsored by educational and other institutions to assist them in staying abreast of developments in corporate governance and critical issues relating to the operation of public company boards. Members of our senior management regularly review with the Board the strategy and operating plan of each of the business segments and the Company as a whole. The Board also conducts periodic visits to our facilities as part of its regularly scheduled Board meetings.

Director Compensation

The following table represents the annualized retainer fees paid to each of the directors for service on the Board and on various committees of the Board. Based on an evaluation in October 2018 by Radford, a business unit of Aon plc, our Executive Compensation Committee's independent compensation consultant and the evolving requirements for service, base retainers were increased for certain of the roles as noted in the table. The changes to director compensation were recommended by the independent compensation consultant after a review of the Company's peers.

Annualized Retainer	**FY 2018**	**FY 2019**
Director Base	$ 50,000	$ 60,000
Independent Lead Director Base	$ 75,000	$ 85,000
Audit and Compliance Committee Chair	$ 20,000	$ 24,000
Audit and Compliance Committee Member	$ 10,000	$ 12,000
Classified Business Oversight Committee Chair	$ 5,000	$ 5,000
Classified Business Oversight Committee Member	$ 5,000	$ 5,000
Ethics and Compliance Committee Chair	$ 10,000	$ 10,000
Ethics and Compliance Committee Member	$ 5,000	$ 5,000
Executive Compensation Committee Chair	$ 15,000	$ 15,000
Executive Compensation Committee Member	$ 7,500	$ 7,500
Nominating and Governance Committee Chair	$ 10,000	$ 10,000
Nominating and Governance Committee Member	$ 5,000	$ 5,000
Technology Strategy Committee Chair		$ 10,000
Technology Strategy Committee Member		$ 5,000

Non-employee directors also participate in the Company's equity plans. In fiscal year 2018, each non-employee director other than General Melcher and Dr. Banerjee received an award of 1,222 restricted stock units ("RSUs"). General Melcher received 972 RSUs in fiscal year 2018. Dr. Banerjee did not receive RSUs during fiscal year 2018 as he was named to the Board the last month of the fiscal year. The non-employee directors' awards, other than General Melcher's, vest in two equal installments on each of October 1, 2018 and 2019. Of General Melcher's RSUs awarded in fiscal 2018, 37% vested on October 1, 2018 and 63% will vest on October 1, 2019. All of the non-employee directors' RSUs 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 non-employee directors are reimbursed for travel expenses.

Directors are also allowed to defer some or all of their cash compensation. Two directors elected to defer all of their cash compensation and one director elected to defer 50% of the cash compensation received during fiscal year 2018.

Our directors are also subject to stockholding guidelines to further align the interests of directors with the Company's shareholders, as well as a policy against engaging in hedging transactions with respect to Company stock, as described further below under "Executive Compensation and Other Information Ownership Guidelines" and "Executive Compensation and Other Information Anti-Hedging Policy."

Director Compensation
Fiscal Year 2018

The following table sets forth a summary of the compensation paid to our non-employee directors pursuant to the Company's compensation policies for fiscal year 2018.

Director Compensation

Name	Fees Earned or Paid in Cash(1) ($)	Stock Awards(2) ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(3)	Total ($)
Prithviraj Banerjee(4)	5,569			5,569
Bruce G. Blakley	77,500	75,000		152,500
Maureen Breakiron-Evans	65,000	75,000		140,000
Edwin A. Guiles	100,000	75,000		175,000
Janice M. Hamby	66,250	75,000		141,250
David F. Melcher	39,319	59,375		98,694
Steven J. Norris	75,000	75,000		150,000
John H. Warner, Jr	80,000	75,000		155,000
Walter C. Zable(5)	31,250	75,000		106,250

(1)
Mr. Feldmann, who served as an executive director during fiscal year 2018, received no additional compensation for his service as a director during that time and is not included in this table.

(2)
This column represents the aggregate grant date fair value, calculated in accordance with FASB ASC Topic 718, of the RSUs granted in fiscal year 2018. 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 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, 2018, as filed with the SEC. The aggregate number of RSUs outstanding as of September 30, 2018 held by each non-employee director was as follows: Mr. Blakley (2,037); Ms. Breakiron-Evans (1,934); Mr. Guiles (2,037); Admiral Hamby (2,037); General Melcher (972); Mr. Norris (2,037); Dr. Warner (2,037).

(3)
In fiscal year 2018, three of the non-employee directors elected to participate in the Cubic Corporation Amended and Restated Deferred Compensation Plan. Earnings are not reported in the non-employee director Compensation Table because the earnings are not above market or preferential.

(4)
Dr. Banerjee was named a director on September 1, 2018.

(5)
Mr. Zable's service as a director ended on February 19, 2018 and the 2018 award was forfeited.

Meetings

The Board met seven times during fiscal year 2018. During that year, each director attended at least 75% of the total number of meetings held during such director's term of service by the Board and each committee of the Board on which such director served. Non-employee directors regularly meet without management present at the conclusion

of each regular Board meeting and the Audit and Compliance Committee meetings and at other times as necessary. During fiscal year 2018, the Lead Independent Director, Mr. Guiles, chaired these sessions for the Board, and Mr. Blakley chaired these sessions for the Audit and Compliance Committee.

The Board encourages its members to attend the Annual Meeting of Shareholders. The 2018 Annual Meeting was attended by all directors.

The Board Recommends You Vote "FOR" Each Of The Nine Nominees Listed Below.

Management Director

Bradley H. Feldmann, 57, director since 2014.

Independent Directors

The Nominating and Corporate Governance Committee has determined and the Board has agreed that all directors nominated except Mr. Feldmann meet the independence standards of the NYSE and the categorical independence standards adopted by the Company's Board as defined in the Company's Corporate Governance Guidelines.

Special Board Qualifications

The Nominating and Corporate Governance 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.

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THE BOARD OF DIRECTORS

ame of Director	Prithviraj Banerjee	Bruce G. Blakley	Maureen Breakiron Evans	Bradley H. Feldmann	Edwin A. Guiles	Janice M. Hamby	David F. Melcher	Steven J. Norris	Joh War J
ure-Years	0	11	2	5	10	4	1	5	1
-Years	58	73	68	57	69	60	64	73	7
eer Business erience									
), President or CFO erience			•	•	•		•	•	
), CAO, CIO, CS, Audit Co. ner Experience	•	•	•	•		•			
sportation Industry erience		•	•	•				•	
ense Industry erience	•	•		•		•	•		
Federal/Muni . Business erience	•	•	•	•	•	•	•		
rnational Business erience	•	•	•	•		•	•	•	
nmercial Business erience	•	•	•	•	•		•	•	
vation/R&D erience	•		•	•	•		•	•	
nce/M&A erience	•	•	•	•	•		•	•	
ncial Expert (Meets , NYSE or ISS s.)		•	•	•	•		•		
lware uct/Manufacturing erience	•	•		•			•	•	

rmation nology/Cyber/Big Experience	•		•	•		•	•	•
ness sformation/ERP erience	•		•	•	•	•	•	
nt Management & loyment erience	•	•	•	•	•	•	•	•

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Background:
Mr. Feldmann was named Chairman of the Board of Directors of Cubic in February 2018 and has served as Chief Executive Officer ("CEO") of Cubic since July 2014, and as President since January 2013. He also served as Chief Operating Officer of Cubic from January 2013 to July 2014. Prior to that, he was President of the companies comprising the Cubic Defense Systems segment, a role he assumed in 2008. He previously worked at Cubic Defense Systems from 1989 to 1999.
Prior to rejoining Cubic in 2008, Mr. Feldmann held senior leadership positions at OMNIPLEX World Services Corporation and ManTech International. He is a Board Leadership Fellow of the National Association of Corporate Directors, a member of the Aerospace Industries Association Board of Governors and serves on its Executive Committee, and is a member of the Board of the National Defense Industrial Association, and serves on their Executive Committee and as Chair of the Finance Committee. He also serves on the Board of UrbanLife, a non-profit organization, as Chair of the Finance Committee.

Qualifications:
Mr. Feldmann's experience in the defense and transportation industry as well as his leadership of the Company in recent years and history of executive management at similar companies provide him with the background to hold the role of Chairman of the Board.

Committees:

- Classified Business Oversight Committee

Background:
Dr. Banerjee was appointed to the Board in September 2018, and serves as a member of the Executive Compensation Committee and as Chair of the Technology Strategy Committee. He joined ANSYS Corporation as Chief Technology Officer in October 2018, and prior to that, served as a senior client partner for Korn Ferry from June 2017 to October 2018. Prior to his role at Korn Ferry, Dr. Banerjee was the executive vice president and chief technology officer for Schneider Electric SE from September 2015 to June 2017, and in several senior leadership roles including managing director of global technology R&D at Accenture plc from 2013 to 2015; chief technology officer and executive vice president of ABB Ltd. from 2012 to 2013; and senior vice president of research and director of HP Labs at Hewlett-Packard.
Dr. Banerjee founded AccelChip, a developer of products and services for electronic design automation in 2000 and

BINACHIP, where he was also chairman and chief scientist in 2006. He has also served as dean of the College of Engineering at the University of Illinois at Chicago, Walter P. Murphy professor and chairman of electrical and computer engineering ("ECE") at Northwestern University and professor of ECE at the University of Illinois. Since 2013 Dr. Banerjee has also served on the Board of Directors of Cray Inc., a company that specializes in supercomputers and solutions for storage and analytics.

Committees:

- Technology Strategy Committee (Chair)
- Executive Compensation Committee

Qualifications:
Dr. Banerjee's public, private and academic experience and extensive expertise in the IT field, particularly in research and development, provide him with the background to be a key contributor as a member of our Board.

Background:
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, teaches at the University of California, San Diego, and serves as a director of a privately held manufacturing company. He previously served as a director and chair of the Audit Committee of Excel Trust, Inc. from April 2010 to August 2015 and as Board Chair of The San Diego Foundation, a non-profit organization with over $575 million in assets, including as Chair of its Finance, Audit and Executive Committees, and as a Director of The San Diego Foundation for 14 years. Mr. Blakley is a Board Leadership Fellow of the National Association of Corporate Directors.

Qualifications:
Mr. Blakley's public, private and non-profit business experience and his academic experience provide him with the background to be a key contributor as a member of our Board, particularly regarding financial matters of Cubic.

Committees:

- Audit and Compliance Committee (Chair & Financial Expert)

- Executive Compensation Committee

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THE BOARD OF DIRECTORS

Background:

Ms. Breakiron-Evans was elected to the Board in 2017 and serves on the Nominating and Corporate Governance Committee, the Technology Strategy Committee and on the Audit and Compliance Committee as one of the Financial Experts. She served as the Chief Financial Officer of Towers Perrin, a global professional services company from 2007 through 2008. Prior to that she was Vice President and General Auditor of CIGNA Corporation, a health services organization, from 2005 to 2006, and was Executive Vice President and Chief Financial Officer of Inovant, LLC, VISA's captive technology development and transaction processing company from 2001 to 2004. She served 16 years in public accounting, ultimately as a partner at Arthur Andersen LLP through 1994.

Ms. Breakiron-Evans currently serves on the Boards of Cognizant Technology Solutions Corp., where she serves as Chair of the Audit Committee and on the Nominating and Corporate Governance Committee; Ally Financial, Inc., where she serves on the Audit Committee and Digital Transformation Committee. She recently served on the Heartland Payment Systems, Inc. board, where she served as Chair of the Audit Committee until its sale in April 2016. She received an NACD Cyber Security Certificate in 2017 and is a Board Leadership Fellow of the National Association of Corporate Directors.

Qualifications:

Ms. Breakiron-Evans' experience with Arthur Andersen & Co. as an Audit Partner provides the Board with a strong command of the financial reporting and tax issues facing public companies. Her years as chief financial officer or other executive officer at various companies offer valuable leadership, technology, financial and risk management experience to the Board.

Committees:

- Nominating and Corporate Governance Committee
- Technology Strategy Committee
- Audit and Compliance Committee (Financial Expert)

Background:
Mr. Guiles has served as Lead Independent Director since February 2017. He retired in 2009 as Executive Vice President Corporate Development of Sempra Energy, a Fortune 400 company. From 2000 to 2006 Mr. Guiles was Chair 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, where he serves on the Audit and the Compensation Committees and chairs the Finance and Risk Management Committee.

Qualifications:
With his experience as an executive in a highly regulated industry, Mr. Guiles brings unique governmental, risk management, and general management and operations related experience to the Board. Mr. Guiles' public and non-profit business experience provides him with the background to provide critical insight as a member of the Board, particularly regarding financial, risk and government related matters for Cubic.

Committees:

- Executive Compensation Committee (Chair)
- Audit and Compliance Committee (Financial Expert)

Background:
Admiral Hamby has served on the Board since 2015 and chairs the Classified Business Oversight Committee and serves on the Executive Compensation Committee, the Ethics and Corporate Responsibilities Committee and the Technology Strategy Committee. Admiral Hamby retired as a U.S. Navy Rear Admiral in 2012, and is an information technology expert with more than 30 years of experience in the U.S. Navy cybersecurity arena, most recently as a deputy chief information officer for the U.S. Department of Defense from 2011 to 2012. Prior to that she served as vice director, Command, Control, Computers and Communications for the Joint Chiefs of Staff.
She subsequently served as the Chancellor at the College of Information and Cyberspace, National Defense University in Washington, D.C., from October 2014 until July 2015. Admiral Hamby served twice as commanding officer of critical telecommunications and technology services organizations, on the staff of the chairman of the Joint Chiefs of Staff, and commander of Multi-National Force in Iraq.

Qualifications:
Admiral Hamby's background in directing and implementing cyber security systems in complex organizations as well as her leadership abilities provide her with the background to be a key contributor as a member of our Board.

Committees:

- Classified Business Oversight Committee (Chair)

- Executive Compensation Committee

- Ethics and Corporate Responsibilities Committee

- Technology Strategy Committee

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Background:
General Melcher served as the President and CEO of the Aerospace Industries Association from June 2015 through the end of December 2017, and currently is on the FAA's NextGen Advisory Council. From 2011 to 2015, he was President, CEO and a member of the Board of Directors of Exelis Inc., a diversified, global aerospace defense, information and technology services company, spun off from ITT Corporation in 2011 and acquired by Harris Corporation in 2015. From 2008 to 2011, he was the President of ITT's Defense and Information Solutions business, and retired from the Army as a Lieutenant General in 2008 after a successful 32 year career. He served in the Pentagon as the Army's Military Deputy for Budget and Deputy Chief of Staff for Programs.
General Melcher served on the board of directors of CR Bard Corporation since 2014 and was a member of the Audit, Finance and Compensation and Personnel Committees. Beckton Dickinson and Co ("BD") acquired CR Bard on December 29, 2017 and General Melcher was appointed to serve on BD's Board of Directors as of that date, and on the Audit and Compensation and Management Development Committees.

Qualifications:
General Melcher's leadership and experience with military programs and budgeting, his knowledge of engineering and his background as a CEO and President provide the basis for significant contributions to the Board.

Committees:

- Executive Compensation Committee
- Nominating and Governance Committee
- Technology Strategy Committee
- Classified Business Oversight Committee

Background:
Mr. Norris is a recognized authority on transport and infrastructure issues. Before joining the Cubic Board in 2014, he served as a member of the Cubic Transportation Systems, Inc. ("CTS") strategic advisory board from 2012 to 2014. He is the chair of Soho Estates, one of the largest real estate operations in the United Kingdom, and was appointed chairman of Driver Group PLC in March 2015, and was appointed as a director of Optare PLC in August 2014. He also serves as the president of ITS UK, the sister organization of ITS US, which represents transport technology business in their respective countries.
Mr. Norris became a Member of Parliament in 1983 and remained in government service until 1997. While serving as parliamentary undersecretary of state for transport and minister for transport in former Prime Minister Sir John Major's government, Norris was responsible for the Jubilee Line Extension, the largest extension of the London Underground network to date. He is also a former member of the Board of Transport for London which operates the London public transit system.

Qualifications:
Mr. Norris's global experience in business with a focus in the transportation industry provides key knowledge and background as a member of the Board.

Committees:

- Ethics and Corporate Responsibility Committee (Chair)
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Nominating and Corporate Governance Committee

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Audit and Compliance Committee

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THE BOARD OF DIRECTORS

Background:
Dr. Warner 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. 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, where he is a member of the Audit Committee, and ICW Group Holdings, Inc., a private insurance company, where he also serves as a member of the Audit Committee.

Qualifications:
Dr. Warner's business experience and his public and private company board experience make him a valuable member of the Board.

Committees:

- Nominating and Corporate Governance Committee (Chair)
- Audit and Compliance Committee
- Ethics and Corporate Responsibility Committee
- Classified Business

Oversight
Committee

Board Committee Members

Name	Audit & Compliance	Nominating & Corporate Governance	Executive Compensation	Ethics and Corporate Responsibility	Classified Business Oversight	Technology Strategy
Prithviraj Banerjee			X			*X
Bruce G. Blakley	*X		X			
Maureen Breakiron-Evans	X	X				X
Bradley H. Feldmann					X	
Edwin A. Guiles	X		*X			
Janice M. Hamby			X	X	*X	X
David F. Melcher		X	X		X	X
Steven J. Norris	X	X		*X		
John H. Warner, Jr.	X	*X		X	X	

* Chair

Communications with Directors

Any interested person may communicate in writing at any time with the whole board, the Independent Directors or any individual director with the correspondence 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. The Corporate Secretary will promptly relay all communications to the appropriate directors, other than communications that are unrelated to the duties and responsibilities of the Board or its committees. Those unrelated matters include, without limitation, business solicitations, advertisements and surveys; requests for donations and sponsorships; job referral materials such as resumes; product-related communications; unsolicited ideas and business proposals; and material that is determined to be illegal or otherwise inappropriate. The Corporate Secretary will coordinate responses, if appropriate.

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EXECUTIVE OFFICERS

In addition to Mr. Feldmann, who serves as both a director and an executive officer, the following executive officers also serve at the pleasure of the Board:

Anshooman Aga, 43. Mr. Aga is Executive Vice President and Chief Financial Officer ("CFO") of Cubic. He joined Cubic in July 2017 as Executive Vice President and assumed the role of CFO in October 2017. In this role, Mr. Aga is responsible for all aspects of the Company's financial strategies, processes and operations, including corporate development, risk management, investor relations, and global manufacturing and procurement. Prior to joining Cubic, Mr. Aga served at AECOM since June 2015, where he was senior vice president and CFO of their multi-billion dollar Design and Consulting Services business in the Americas. He also held a series of financial leadership positions at Siemens from July 2006 to May 2015, including CFO of the Energy Automation business based in Nuremburg, Germany, in addition to similar CFO roles for Siemen's Rail Electrification and TurboCare business units.

Matthew. J. Cole, 39. Mr. Cole is Senior Vice President of Cubic and President of the companies comprising the CTS segment, a position he has held since October 2015. Prior to that he held a variety of increasingly responsible roles at CTS since he joined in 2003, most recently serving as Executive Vice President/Deputy for Strategy, Business Development and Diversification and in key roles worldwide including in Australia and the U.K. Before joining Cubic, Mr. Cole held various financial positions with large public and private companies such as British Airways, Schlumberger, First Choice and Endemol.

James R. Edwards, 67. Mr. Edwards is Senior Vice President, General Counsel and Secretary of Cubic. 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 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.

Mark A. Harrison, 61. Mr. Harrison is Senior Vice President and Corporate Controller of Cubic. 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.

Michael Knowles, 51. Mr. Knowles was named Senior Vice President of Cubic and President of the companies comprising our Cubic Global Defense ("CGD") business segment, as of October 1, 2018. Previously, Mr. Knowles served as Vice President and General Manager of the Air Ranges business unit for CGD since July 2014. In this role, Mr. Knowles was responsible for the strategic direction and business management of air ranges, air training, Air Combat Maneuvering Instrumentation and Live-Virtual-Constructive business initiatives. Before joining Cubic, Mr. Knowles served as the senior director of Air Transport and Mission Solutions at Rockwell Collins where he was employed from 2004 until he joined Cubic. He also held a series of program management and engineering roles at Photon Research Associates and Lockheed Martin. Mr. Knowles also served as a Naval Flight Officer, flight test engineer and aerospace engineering duty officer in the United States Navy where he retired as a Commander.

Michael R. Twyman, 58. Mr. Twyman is Senior Vice President of Cubic and President of the companies comprising the Cubic Mission Solutions ("CMS") segment, since May 2016. He joined Cubic as Senior Vice President of air training and secure communications in June 2014. Prior to that he held a variety of executive leadership positions spanning more than 30 years at Northrup Grumman including sector Vice President and General Manager of the defense systems division and Vice President of integrated C3I systems.

Rhys V. Williams, 50. Mr. Williams is Vice President and Treasurer of Cubic. Prior to joining Cubic, Mr. Williams led the treasury function at Ancestry, the largest online resource for family history and consumer genomics, as its Treasurer since October 2013. Prior to that, Mr. Williams was the Director of Treasury from April 2009 to October 2013, at Life Technologies, a biotechnology company which was later acquired by Thermo Fisher Scientific, responsible for overseeing all facets of the capital markets function. He also held treasury and business development roles at Callaway Golf Company, and Gateway, Inc.

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BOARD COMMITTEES

Audit and Compliance Committee

The Audit and Compliance Committee members are Messrs. Blakley (Chair), Guiles and Norris, Dr. Warner and Ms. Breakiron-Evans. The committee met four times during fiscal year 2018. Each member is independent as defined under Section 303A.02 of the NYSE 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, Mr. Guiles and Ms. Breakiron-Evans are our Audit and Compliance Committee Financial Experts with 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 and Ms. Breakiron-Evans. Mr. Blakley previously served as chair of an audit committee for Excel Trust, Inc., a publicly held real estate investment trust, until August 2015. 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.

Ms. Breakiron-Evans currently serves as Chair of the Audit Committee of the Board of Cognizant Technology Solutions Corp., and on the Audit Committee of the Board of Ally Financial, Inc. She recently served as Chair of the Audit Committee of the Board of Heartland Payment Systems, Inc. until its sale in April 2016. The companies are unrelated to Cubic and its subsidiaries and do 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 2018. 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, 2018. The committee met with the Accountants on numerous occasions and discussed the matters required to be discussed under generally accepted auditing standards and the matters listed in Public Company Accounting Oversight Board ("PCAOB") AS 1301 (Communications with Audit Committees), and has received from the Accountants the written disclosures and the letter required by the PCAOB (Independence Discussions with Audit Committees), and has discussed with the Accountants their independence.

Based on its review of the audited financial statements for fiscal year 2018 and its discussions with management and the Accountants, the committee recommended to our Board that the 2018 audited financial statements be included in the Company's Annual Report on Form 10-K.

Audit and Compliance Committee
Bruce G. Blakley, Chair
Maureen Breakiron-Evans
Edwin A. Guiles
Steven J. Norris
Dr. John H. Warner, Jr.

Executive Compensation Committee

The Executive Compensation Committee members are Messrs. Guiles (Chair), Blakley, Admiral Hamby, General Melcher, who was appointed in February 2018, and Dr. Banerjee, who was appointed in September, 2018. The committee met twice during fiscal year 2018. Each of the members of the committee is independent as defined under Section 303A.02 of the NYSE Listed Company Manual and in our Corporate Governance Guidelines.

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 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 2018, none of the members serving on the Executive Compensation Committee served 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 and 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 Nominating and Corporate Governance Committee members are Dr. Warner (Chair), Ms. Breakiron-Evans, Mr. Norris and General Melcher, who was appointed in February 2018. Each of the members of the committee is independent as defined under Section 303A.02 of the NYSE Listed Company Manual and in our Corporate Governance Guidelines. The committee met four times during fiscal year 2018. The committee's policy is to consider Board candidate recommendations of shareholders which are received by the Corporate Secretary at least 120 days prior to the one-year anniversary of the mailing of notice of the previous annual meeting of shareholders. In considering additions to the Board or filling vacancies, the committee assesses current needs of the Company and considers candidates' expertise, experience, background, ethnicity and gender. In such circumstance, the committee seeks recommendations from the Board, senior management personnel and relevant professional organizations regarding potential candidates.

The committee will also review any shareholder recommendations on file. The committee evaluates candidates submitted by shareholders using the same criteria as candidates identified by the Board, senior management personnel and other sources. The committee screens and personally interviews appropriate candidates. Selected candidates may meet with additional Board members, certain members of management and the Chair 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.

The committee conducted an extensive search for an additional director in fiscal year 2018, using criteria based on a matrix that set forth existing skills, experience and tenure and the qualities, skills and diversity sought in future candidates. The National Association of Corporate Directors assisted with identifying suitable candidates to present to the committee. Dr. Banerjee was recommended by the National Association of Corporate Directors.

The governance responsibilities of the committee include tracking important legal and regulatory changes and new concepts in public company governance. Governance topics include annual Board, Board member and committee evaluations, Board composition, Board committee structure and Board refreshment as well as executive management and Board succession.

The committee oversees the Board's annual self-evaluations and peer member evaluations with third party evaluations conducted every three years. Further, the Company's Corporate Governance Guidelines generally limit individual Board tenure to twelve years and/or the age of 75 years. These metrics are not absolute but are guidelines for maximums. When either of the individual maximums are reached, there must be compelling reasons for a director's continued participation on the Board. When both maximums are reached, there will be a strong presumption for transition off the Board.

Board Service Guidelines:

- Succession planning process for near term and 5 year needs of Cubic Corporation
- Annual individual evaluation as primary qualifier
- Regular refreshment to ensure staggered terms, ages and diversity
- Endeavor to limit individual board tenure to 12 years and/or age 75 maximum
- Service on no more than 3 other public companies

The committee also continued to develop and monitor the succession planning process for senior management.

Classified Business Oversight Committee

The Classified Business Oversight Committee members are Admiral Hamby (Chair), Dr. Warner, Mr. Feldmann and General Melcher, who was appointed in February 2018. The Committee meets on an as-needed basis and met once in fiscal year 2018. The purpose of the 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.

Ethics and Corporate Responsibility Committee

The Ethics and Corporate Responsibility Committee members are Mr. Norris (Chair), Admiral Hamby and Dr. Warner. The committee met four times during fiscal year 2018. The purpose of the committee is to review and recommend to management and the Board objective

policies and procedures that best serve Cubic's and its shareholders' interests in maintaining a business environment to high standards of ethics, integrity and compliance in the area of corporate responsibility, including topics such as conflict minerals, human trafficking, global data privacy, human testing, employee relations, health and safety, political participation and environmental stewardship.

Cubic has an internal Compliance Steering Committee ("CSC"), comprised of senior leaders with a wide variety of subject-matter expertise and authority, led by the Vice President of Compliance, reporting to the Ethics and Corporate Responsibility Committee. The CSC's mission is to promote a culture of ethical integrity and legal accountability across the global organization. The program that it has established includes, among other things, an employee Code of Business Conduct, a Code of Conduct for Third Parties, a third party due diligence and management system, an anonymous and global complaint reporting mechanism for both employees and third parties (Cubic Helpline), global mechanisms for employees to report conflicts of interest and any environmental, health or safety concerns, a complaint investigation and reporting process, regular communications to and training of Cubic employees on matters of ethics and compliance, global surveys regarding the company's ethical culture, and regular reporting to senior management and the Ethics and Corporate Responsibility Committee regarding the effectiveness of program components.

Technology Strategy Committee

The Technology Strategy Committee members are Dr. Banerjee, (Chair), Ms. Breakiron-Evans, Admiral Hamby and General Melcher. The committee was formed but did not hold its initial meeting during fiscal year 2018. Each of the members of the committee is independent as defined under Section 303A.02 of the NYSE Listed Company Manual and in our Corporate Governance Guidelines.

The Committee was formed in September 2018 for the purpose of assisting the Board of Directors in its oversight of Cubic's technology directions and cyber resilience consistent with Cubic's strategic plan, and its products, solutions and services plans in the Transportation and Defense Industries.

The Committee provides advice on our digital strategy and reviews our research and development ("R&D") investments to ensure they support the competitiveness of our products and services. The Committee reviews the technical competencies within Cubic and advises on the R&D organization and structure to support the R&D investment.

Risk Management

The Board reviews and approves the procedures adopted and conclusions reached by our Executive Management Committee ("EMC") and discusses with the General Counsel, who is responsible for the Enterprise Risk Management ("ERM") process, and the CEO, the major risk exposures and the steps that have been taken to monitor and control such exposures.

The EMC reviews and assesses perceived risks to the enterprise as a whole and its major subsidiaries. It works with relevant managers and develops mitigation and remediation plans. Periodic reports are brought to the attention of the Board by the General Counsel.

We have an ERM process for the parent company and sub-groups for our business segments. Each group 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 are implemented. To date, the EMC has not identified any risks, capable of control, which it believes cannot be reasonably controlled or mitigated.

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BOARD COMMITTEES

The Board's focus and concern is to identify, and ensure the Company has 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.

In conjunction with the risk management review, the Board also addresses our legal compliance efforts in certain complex areas, such as export control, antitrust and foreign corrupt practices.

Board Leadership Structure

The Board regularly considers the appropriate leadership structure of the Company and has concluded that the Company and its shareholders are best served by not having a formal policy on whether the same individual should serve as both Chief Executive Officer and Chairman. This flexibility allows the Board to elect the most appropriate director as Chairman, while maintaining the ability to separate the Chairman and Chief Executive Officer roles if necessary.

Currently, the Company's Chairman and Chief Executive Officer roles are held by Mr. Feldmann. Mr. Zable served as Chairman until the February 2018 Annual Meeting of Shareholders, when he left the Board. Following the meeting, the Board elected Mr. Feldmann Chairman.

The Chairman has the authority to call meetings of the Board and presides at such meetings. He has primary responsibility for shaping Board agendas (in consultation with the Lead Independent Director) and will communicate with all directors on key issues and concerns outside of Board meetings.

Mr. Guiles serves as Lead Independent Director. The Lead Independent Director's duties include presiding at all meetings at which the Chairman is not present (including executive sessions of the independent directors), calling meetings of the independent directors, consulting with the Chairman, approving all Board meeting agendas, facilitating discussion among independent directors on key issues outside of Board meetings and performing such other duties as the Board may from time to time designate.

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PROPOSAL 2:
ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

The Board Recommends That You 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 2018, as described in its proxy statement for its 2019 Annual Meeting of Shareholders, including the Compensation Discussion and Analysis and other related tables and disclosure, is hereby approved."*

This proposal, commonly known as "say-on-pay", 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 carefully consider the outcome of the vote when making future executive compensation decisions. At our 2018 Annual Meeting, shareholders approved our Executive Compensation policies by a strong majority, with approximately 94% of shareholder votes cast in favor of our 2018 Say-on-Pay resolution (excluding abstentions and broker non-votes). We expect to bring a similar proposal to you at each annual meeting of shareholders.

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.

As described more fully in the Compensation Discussion and Analysis herein, the Company's executive compensation program consists of three main components:

- Base salary
- Short term incentives
- Long term equity incentive award program

The Company evaluates executive officer compensation through multiple bases of review and evaluation to help our Executive Compensation Committee oversee an executive compensation program that is competitive yet closely tied to the Company's and each executive officer's performance.

The Executive Compensation Committee reviews market survey compensation data for companies of comparable size and complexity. The Executive Compensation Committee also considers advice and recommendations from the Chief Executive Officer for executives other than himself. Additionally, the Company's annual bonus program and its long term equity incentive award program recognizes and rewards the success of executives who manage performance to achieve the short- and long-term goals set for them every year by the Company and the Executive Compensation Committee.

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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 2018 and how each element of compensation was determined.

Review of Executive Compensation Best Practices

The Board believes that the Company's compensation policies and practices are aligned with good corporate governance:

- Stock ownership guidelines apply to both executive officers and directors
- Clawback policy for incentive compensation
- "Double trigger" change-in-control agreements
- No tax gross-ups
- No employment contracts
- Modest perquisites
- Long-term equity incentive award program aligns executive incentives with shareholder interests
- Strong shareholder response (94% of votes cast voted in favor) to 2018 say-on-pay vote
- Independent compensation consultant

Overview and Objectives of Executive Compensation Program

The Board recognizes that there is considerable public discussion regarding appropriate approaches to compensation. 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.

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 CEO. These multiple bases of review and evaluation help our Executive Compensation Committee oversee an executive compensation program that is competitive yet tied to the Company's and each executive officer's performance. Additionally, the Company's annual performance 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.

We have three main elements in our executive compensation program: base salary, an annual performance bonus, and a long-term equity incentive award program for our executive officers. The long-term equity incentive award program includes RSUs that vest based on the passage of time as well as RSUs that vest based on the Company's achievement of certain performance objectives over a three-year performance period.

2018 CEO Target Total Compensation

2018 Other NEO Target Total Compensation

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 executive officers, including the NEOs, for the senior officers of the Company's major business units, as well as determining and approving ongoing compensation arrangements for our NEOs. The Executive Compensation Committee also makes recommendations to the Board with respect to compensation for our Independent Directors.

In making its decisions, the Executive Compensation Committee relies on advice from its independent compensation consultant and receives, reviews, and acts on recommendations from the CEO regarding salary, bonus and equity compensation for all executive officers including the NEOs (other than himself) 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 as needed for persons other than themselves. It evaluates and approves these compensation elements annually. If relatives of any director or elected corporate principal officer are also employees of the Company or any subsidiary, the Executive Compensation Committee reviews compensation recommendations for such individuals.

Role of Independent Compensation Consultant and Comparable Company Information

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 2018, the Executive Compensation Committee independently engaged and received advice from Radford. Radford provided the Executive Compensation Committee with advice regarding senior executive compensation and non-employee director compensation. Radford was asked to survey executive compensation for similarly-sized companies in similar businesses in respect of senior executive positions and responsibilities. Radford also provided advice to the Executive Compensation Committee related to setting compensation for fiscal year 2018. During fiscal year 2018, the aggregate fees for determining or recommending the amount or form of executive and director compensation paid to Radford was $57,270.

After review and consultation with Radford, the Executive Compensation Committee determined that Radford is independent and there was no conflict of interest resulting from retaining Radford during fiscal year 2018. In reaching these conclusions, the Executive Compensation Committee considered the factors set forth in Exchange Act Rule 10C-1 and NYSE listing standards.

Our Executive Compensation Committee has not historically established compensation levels based solely on benchmarking. Our Executive Compensation Committee has additionally 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.

In order to attract, retain and motivate senior executives, our annual compensation evaluation process does include a review of the salary, bonus and long-term incentive 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 2018, executive compensation levels by job category were reviewed in the context of industry survey data provided by three independent consulting firms (Radford, Mercer and Willis Towers Watson), which surveys were subscribed to by our human resources department (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 approximately 4,000 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 with similar revenue levels.

As part of its compensation review, Radford also prepared an independent assessment of competitive compensation levels and incentive practices for the Company's CEO for fiscal year 2018. The review was based on the survey data provided by our human resources department, as described above, as well as proxy disclosures by a select group of relevant peer companies.

The peer companies were approved by the Executive Compensation Committee in November 2016 with review and input from the Executive Compensation Committee's previous independent compensation consultant, Willis Towers Watson, and senior management based on industry sector, similarity of business activities, 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 peers included the following 15 defense and technology companies.

AAR Corp
AeroVironment, Inc.
CACI International, Inc.
Enquility Holdings, Inc.
Esterline Technologies Corp.
HEICO Corp.
Kratos Defense & Security Solutions, Inc.
ManTech International Corporation
Mercury Systems, Inc.
NIC Inc.
Teledyne Technologies Inc.
Teradata Corporation
Tyler Technologies, Inc.
Venfone Systems, Inc.
ViaSat, Inc.

The peer group remained unchanged for purposes of setting fiscal year 2018 executive compensation. While the Executive Compensation Committee reviewed the foregoing comparable company data in connection with its determinations of the fiscal year 2018 base salaries, target bonuses and long-term equity incentive awards 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.

Compensation Recovery Policy

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. 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. However, the Board believes that it is prudent to maintain a compensation recovery policy.

Pursuant to the terms of the compensation recovery or "clawback" policy, the Board is given the right to require the reimbursement or forfeiture of incentive compensation from an executive officer in the event the officer's wrongdoing is later determined by the Board to have resulted in (a) a restatement of the Company's financial results due to its material noncompliance with any financial reporting requirement under U.S. securities laws, or (b) a material negative revision of a financial or operating measure on the basis of which incentive compensation was awarded (a "Recoverable Event").

We believe that by providing the Company with the appropriate power to recover incentive compensation paid to an executive officer in this situation, the Company demonstrates its commitment to strong corporate governance. This clawback policy is in addition to any policies or recovery rights that are provided under applicable laws, including the Sarbanes-Oxley Act and the Dodd-Frank Act.

Under our clawback policy, if the Board determines that a Recoverable Event was caused by an executive officer's fraud, gross negligence or willful misconduct, it may require reimbursement from the executive officer for vested incentive compensation and/or the forfeiture of unvested or unpaid incentive compensation. The amount of incentive compensation that may be recovered or subject to forfeiture is any incentive compensation awarded, vested or paid to the executive officer that the executive officer would not have been awarded, vested or paid if the Company's financial results had been reported properly. The right to cause a forfeiture or recovery of incentive compensation applies to incentive compensation awarded, vested and/or paid during the twelve months prior to the date on which the Company is required to prepare an accounting restatement and would be determined on an after-tax basis for any incentive compensation to be recovered from the executive officer.

Ownership Guidelines

The Executive Compensation Committee has established management and directors stockholding guidelines (the "Ownership Guidelines") to further align the interests of management and the directors with the Company's shareholders, with the intent that the guidelines be met within five years of the 2014 implementation date, or the individual director or officer promotion or new hire date, whichever is later.

The Ownership Guidelines are as follows:

STOCK OWNERSHIP REQUIREMENTS
(multiples of base salary or base retainer)

3X	1X	0.5X	2X
for CEO	for Executive Officers	for Vice Presidents	for Directors

Under the Ownership Guidelines, all Company shares directly held by the director or officer, his or her related trusts and immediate family shall be included in the calculations, provided, however, that any unvested RSUs shall not be included.

Anti-Hedging Policy

Company policy prohibits our directors, NEOs and other elected officers from engaging in hedging transactions with respect to Company stock.

Response to the 2018 Say-On-Pay Vote on Named Executive Officer Compensation

In February 2018, we held a say-on-pay vote, and our shareholders overwhelmingly approved the compensation of our NEOs, with approximately 94% of shareholder votes cast in favor of our 2018

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 after the annual meeting, the Executive Compensation Committee decided generally to retain the approach to executive compensation it had previously adopted for fiscal year 2017.

In February 2017, we also held a vote on the frequency of holding future advisory votes on the Compensation of our NEOs. Our shareholders continue to support holding such advisory votes on an annual basis.

Fiscal Year 2018 Executive Compensation Decisions

The amount of each element of pay is determined annually taking into account factors including competitive company compensation data, as described above. A description of the executive compensation decisions with respect to fiscal year 2018 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 company compensation information and the overall market demand for such executives at the time the respective executive is hired or promoted.

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 at comparable companies, 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 2017, the Executive Compensation Committee reviewed the base salaries of the NEOs and after consultation with the CEO (with respect to the salaries of the other NEOs) and a review of the comparable company information described above. In addition, the Executive Compensation Committee asked Radford to review executive salaries against the peer group of companies described above and determined that Mr. Feldmann's salary was below market.

The Executive Compensation Committee then, based upon Mr. Feldmann's performance and the appropriate targeted salary range for Mr. Feldmann in comparison with CEOs in peer companies, approved an adjustment that brought his compensation closer to the median of our peer companies. The Committee also reviewed the analysis of the other NEOs as compared to the median of peer companies and considered their performance in meeting their goals. After its review of this information, the Executive Compensation

Committee determined to increase the base salaries for fiscal year 2018 of Mr. Feldmann by 10%, Mr. Aga by 10%, Admiral Buss by 7%, Mr. Cole by 10% and Mr. Twyman by 7% over each such officer's base salary for fiscal year 2017.

The fiscal year 2018 base salaries 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 2018, Mr. Feldmann had a target bonus of 100% of salary, Mr. Aga had a target bonus of 80% of salary, and each of Admiral Buss, Mr. Cole and Mr. Twyman had a target bonus of 70% of salary. The maximum bonus is 195% of the target bonus for each of the NEOs.

For fiscal year 2018, the NEOs were eligible to receive a fiscal year 2018 bonus if the financial performance of the Company or a business segment of the Company met selected goals. 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 2018 annual bonuses for Messrs. Feldmann and Aga were tied to selected financial goals related to the Company's performance, including sales, adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA"), Adjusted EBITDA as a percentage of sales ("Adjusted EBITDA Margin"), and sales divided by invested capital ("Invested Capital Turnover"). Of these financial goals, the fiscal year 2018 bonus formula identified the major elements as Adjusted EBITDA and Invested Capital Turnover for Messrs. Feldmann and Aga because the Executive Compensation Committee believes these financial metrics to be principal drivers of the attractiveness of an equity investment in the Company. The annual bonuses for Messrs. Feldmann and Aga were also tied, in part, to performance against company-wide cost savings goals in fiscal 2018. The Executive Compensation Committee set a target of $10.1 million of cost reductions in fiscal 2018 as compared to similar expenditures incurred by the Company in fiscal 2017 in categories which included consulting costs, personnel costs, and other cost categories primarily focused on selling, general, and administrative costs.

The fiscal year 2018 annual bonus for Mr. Cole was tied to the performance of our CTS business including sales, Adjusted EBITDA and sales divided by average accounts receivable and inventory ("Asset Turnover") and Adjusted EBITDA of the Company. The fiscal year 2018 annual bonus for Admiral Buss was tied to the performance of our CGD business including sales, Adjusted EBITDA and Asset Turnover, and Adjusted EBITDA of the Company. The fiscal year 2018 annual bonus for Mr. Twyman was tied to the performance of our CMS business including sales, Adjusted EBITDA and Asset Turnover, and Adjusted EBITDA of the Company. The annual bonuses for these executives were also tied, in part, to performance against the same company-wide cost savings goals described above for Messrs. Feldmann and Aga.

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For Mr. Cole, Admiral Buss, and Mr. Twyman the fiscal year 2018 bonus formula identified the major bonus element as Adjusted EBITDA of our CTS, CGD and CMS businesses respectively. The Executive Compensation Committee selected these incentives because they wanted to reward the financial performance of the component of the Company to which such executives' services primarily relate.

Target levels for the various performance objectives are set to require challenging but attainable goals depending on current market

conditions and the Company's business prospects. The Executive Compensation Committee and management believe our annual bonus plan design balances the appropriate level of risk in management decision making with the careful use of capital and assets. The table below sets forth the performance objectives and weighting for purposes of each of the NEOs, our actual performance relative to those objectives during fiscal 2018 and the ultimate weighted percentage achievement for bonuses.

Performance measures (In thousands, except per share data)	**2018 Weighting %**	**2018 Target**	**2018 Actual**	**% of Target Achieved**	**% of Payout Earned**
Cubic Corporation					
Performance measures for Cubic Corporation are for Mr. Feldmann and Mr. Aga					
Sales(1)	10%	$ 1,164,979	$ 1,202,298	103.20%	13.20%
Adjusted EBITDA(2)	45%	$ 111,481	$ 106,548	95.57%	39.03%
Return on Invested Capital(3):					
Adjusted EBITDA(2) Margin	10%	9.6%	8.9%	92.61%	7.78%
Invested Capital Turnover	20%	1.55	1.61	103.87%	21.93%
Consolidated Savings Goal	15%	$ 10,100	$ 10,974	108.65%	17.16%
				Total	99.10%
Cubic Transportation Systems					
Performance measures for Cubic Transportation Systems are for Mr. Cole					
Segment Sales(1)	10%	$ 630,977	$ 670,716	106.30%	15.00%
Segment Adjusted EBITDA(2)	35%	$ 69,296	$ 73,317	105.80%	40.08%
Segment Asset Turnover	15%	4.19	4.16	99.33%	14.70%
Consolidated Adjusted EBITDA(2)	25%	$ 111,481	$ 106,548	95.57%	21.68%
Consolidated Savings Goal	15%	$ 10,100	$ 10,974	108.65%	17.16%
				Total	108.62%
Cubic Global Defense					
Performance measures for Cubic Global Defense are for Admiral Buss					
Segment Sales(1)	10%	$ 344,002	$ 325,182	94.53%	8.36%
Segment Adjusted EBITDA(2)	35%	$ 29,185	$ 29,169	99.95%	34.94%
Segment Asset Turnover	15%	1.83	2.40	131.31%	22.50%

Consolidated Adjusted EBITDA(2)	25%	$ 111,481	$ 106,548	95.57%	21.68%
Consolidated Savings Goal	15%	$ 10,100	$ 10,974	108.65%	17.16%
				Total	104.64%
Cubic Mission Solutions Performance measures for Cubic Mission Solutions are for Mr. Twyman					
Segment Sales(1)	10%	$ 190,000	$ 206,400	108.63%	15.00%
Segment Adjusted EBITDA(2)	35%	$ 30,400	$ 29,174	95.97%	30.77%
Segment Asset Turnover	15%	2.84	2.75	97.06%	13.68%
Consolidated Adjusted EBITDA(2)	25%	$ 111,481	$ 106,548	95.57%	21.68%
Consolidated Savings Goal	15%	$ 10,100	$ 10,974	108.65%	17.16%
				Total	98.29%

(1)
For purpose of the 2018 Annual Incentive Plan, sales and segment sales exclude the sales of businesses acquired during 2018. The following is a reconciliation of Company sales to sales as defined by the Executive Compensation Committee for purposes of the 2018 Annual Incentive Plan:

Sales (in millions)	**Consolidated**	**CTS**	**CMS**	**CGD**
Sales as reported	$ 1,202.9	$ 670.7	$ 207.0	$ 325.2
Sales from companies acquired in fiscal year 2018	(0.6)		(0.6)	
Sales used in 2018 Annual Incentive Plan calculation	$ 1,202.3	$ 670.7	$ 206.4	$ 325.2

(2)
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), and Segment Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Segment Adjusted EBITDA") are non-GAAP performance measures management uses that exclude income taxes, non-operating income and expenses, depreciation, amortization, ERP/supply chain initiative expenses, acquisition related expenses, restructuring costs intangible asset impairment charges, fixed asset and other long-lived asset impairment charges, and goodwill impairment charges. For purpose of the 2018 Annual Incentive Plan, Adjusted EBITDA excludes the Adjusted EBITDA of businesses acquired during 2018 as well as certain other costs that were approved by the Executive Compensation Committee. These other costs included $1.1 million of costs incurred by CMS primarily for research and development activities and $2.9 million of costs incurred by CGD, which included a loss incurred in 2018 related to an arbitration decision from a matter that occurred during fiscal year 2013 and costs incurred by CGD primarily

for research and development activities. There were no adjustments for other costs in the calculation of Adjusted EBITDA for the Consolidated Company or for CTS. The following is a reconciliation of Consolidated and Segment Adjusted EBITDA to net income as defined by the Executive Compensation Committee for purposes of the 2018 Annual Incentive Plan:

Year Ended Sep 30, 2018 **In millions**	**Consolidated**	**CTS**	**CMS**	**CGD**
Net income (loss) from continuing operations attributable to Cubic	$ 8.1			
Noncontrolling interest in loss of VIE	(0.3)			
Provision for income taxes	7.1			
Interest expense, net	8.8			
Other non-operating expense (income), net	0.7			
Operating income	24.4	$ 60.4	$ (0.1)	$ 16.6
Depreciation and amortization	46.6	12.0	22.4	8.5
Other non-operating (expense) income, net	(0.7)			
EBITDA	70.3	72.4	22.3	25.1
Acquisition related expenses, excluding amortization	4.5	0.5	3.7	(0.1)
Strategic and IT system resource planning expenses	24.1			
Restructuring costs	5.0	0.4	0.2	1.3
Other non-operating expense (income), net	0.7			
Adjusted EBITDA	104.6	73.3	26.2	26.3
Adjusted EBITDA from companies acquired in fiscal 2018	1.9		1.9	
Other adjustments approved by the Executive Compensation Committee			1.1	2.9
Adjusted EBITDA used in short-term incentive calculations	$ 106.5	$ 73.3	$ 29.2	$ 29.2

(3) For purposes of the 2018 Annual Incentive Plan, the ROIC measure uses sales as defined in note (1) above, and uses Adjusted EBITDA as defined in note (2) above in its calculation of the margin on sales. See the description and reconciliation of Adjusted EBITDA to net income in note (2) above. Invested capital is defined as total equity, plus total short- and long-term borrowings, less cash and marketable securities. Invested Capital Turnover is sales divided by invested capital.

For the Adjusted EBITDA, Adjusted EBITDA Margin and Invested Capital Turnover goals, the annual bonus formula for fiscal year 2018 provided that, for each 1% achievement above a target performance goal, the bonus amount attributable to that 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 goal. For the sales performance measure, the annual bonus formula for fiscal year 2018 provided that, for each 1% achievement above the target performance goal, the bonus amount attributable to that goal would be increased by 10% to a maximum of an additional 50% of that portion of the bonus amount at an achievement of 5% above the goal. For each of these performance goals, for each 1% shortfall in the goal, the bonus amount attributable to that goal would be decreased by 3%, 4.5% or 5% (depending on the amount of shortfall) so that 75% achievement of each of these goals would result in no bonus award for that goal. For the cost savings performance measure, the annual bonus formula for fiscal year 2018 provided that, for each 1% achievement above the target performance goal, the bonus amount attributable to that goal would be increased by 1.67% to a maximum of an additional 50% of that portion of the bonus amount at an achievement of 30% above the performance goal. For the cost savings performance goal, for each 1% shortfall in the goal, the bonus amount attributable to that goal would be decreased by 1.67% so that 70% achievement of the goal would result in no bonus award for that goal.

The overall weighted percentage achievement relative to all performance goals for fiscal year 2018 for each NEO was then multiplied by an individual performance factor and then by each NEO's target bonus to determine his fiscal year 2018 annual bonus. The overall weighted percentage achievement relative to all performance goals for fiscal year 2017 was 99.1% for Messrs. Feldmann and Aga, 108.6% for Mr. Cole, 104.6% for Admiral Buss and 98.3% for Mr. Twyman.

The individual performance multipliers were based on a formula based on the annual performance rating given to each individual. The ratings provided for a possible range of 0% to 130% for the multiplier factor. Mr. Feldmann rated Admiral Buss, and Messrs. Aga, Cole and Twyman and recommended the multiplier for each. The Executive Compensation Committee reviewed and approved the multipliers for each executive. The Executive Compensation Committee rated Mr. Feldmann, and then assigned a multiplier. Individual performance multipliers were based on internal performance evaluations and the subjective discretion of the Executive Compensation Committee. The multipliers determined by the Executive Compensation Committee were as follows: Mr. Feldmann 1.10; Mr. Aga 1.10; Mr. Cole 1.10; Admiral Buss 1.00; and Mr. Twyman 1.00.

Each NEO's fiscal year 2018 annual bonus award is disclosed in the Summary Compensation Table below.

Long-Term Equity Incentive Award Program

The Company's long-term equity incentive awards are intended 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 Company awards both performance-based and time-based restricted stock units pursuant to its long-term equity incentive award program. Each RSU represents a contingent right to receive one share of the Company's common stock. Vested shares will be delivered to the recipient following each vesting 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. All of the RSU awards are made under the Company's 2015 Incentive Award Plan.

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The Executive Compensation Committee awards both time-based and performance-based RSUs to the executive officers. The use of performance-based RSUs as a component of the overall equity awards granted is based upon the Executive Compensation Committee's consideration of competitive market data, the desirability of utilizing a balanced system to mitigate risk, the desire to encourage superior performance while building ownership, and the desirability of this type of equity award as a component of a pay-for-performance program.

Fiscal 2018 Long-Term Equity Incentive Awards. In November 2017, the Executive Compensation Committee awarded the time-based vesting and performance-based vesting RSUs to the NEOs listed below.

Name	Title	Time-Based Vesting RSUs	Target Number of Performance-Based RSUs
Bradley H. Feldmann	Chairman, President and Chief Executive Officer	22,395	22,395
Anshooman Aga	Executive Vice President and Chief Financial Officer	4,072	4,072
Matthew J. Cole	Senior Vice President, Cubic Corporation; President, Cubic Transportation Systems	4,886	4,886
David H. Buss	Senior Vice President, Cubic Corporation and Former President, Cubic Global Defense	4,072	4,072
Michael R. Twyman	Senior Vice President, Cubic Corporation; President, Cubic Mission Solutions	4,072	4,072

For all time-based vesting RSUs, the RSUs vest in four equal installments on each of October 1, 2018, 2019, 2020 and 2021, subject to the recipient's continued service with the Company through each such date.

The performance-based vesting RSUs granted to our NEOs are intended to reward the achievement of sales growth, Adjusted EBITDA growth, and return on equity ("ROE") objectives over a three-year performance period. The three-year performance period for the performance-based vesting RSUs granted on November 12, 2017 commenced on October 1, 2017 and will end on September 30, 2020. These performance-based RSUs are referred to as the "2018-2020 PRSUs."

Specifically, recipients of the 2018-2020 PRSUs will be eligible to vest in such RSUs at the end of the three-year performance period based on the achievement of specified sales growth, Adjusted EBITDA growth, and ROE 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 2018-2020 PRSUs vest based 40% on sales growth achievement, 40% on Adjusted EBITDA growth achievement, and 20% on ROE achievement by the Company during the performance period. If the Company's sales growth achievement, Adjusted EBITDA growth achievement, and/or ROE 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. Performance below the threshold level for a performance measure will result in no vesting with respect to that 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 Adjusted EBITDA growth generally means the aggregate of the Company's Adjusted EBITDA during the performance period, divided by a baseline Adjusted EBITDA level determined by the Executive Compensation Committee. The Company's ROE for the performance period generally means the Company's net income ROE, 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, Adjusted EBITDA growth, and ROE objectives for such performance period.

As described above, based on the level of such sales growth, Adjusted EBITDA growth, and ROE, 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.

Performance-Based RSUs for Performance Period Ended September 30, 2018.

The performance-based vesting RSUs granted on November 6, 2015 (referred to as the "2016-2018 PRSUs") were intended to reward the achievement of sales growth, Adjusted EBITDA growth, and ROE objectives over a three-year performance period. The three-year performance period for the 2016-2018 PRSUs commenced on October 1, 2015 and ended on September 30, 2018. These RSUs were eligible to vest based 40% on sales growth achievement, 40% on Adjusted EBITDA growth achievement, and 20% on return on equity achievement by the Company during such performance period. If the Company's sales growth achievement, Adjusted EBITDA 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 were eligible to vest (25%, 100% and 200%, respectively). The percentage for determining the number of RSUs that will vest if performance was between the specified achievement levels was determined by linear interpolation between the applicable achievement amounts for each measure. Performance below the threshold level for a performance measure will result in no vesting with respect to that measure.

Following the completion of the three-year performance period that ended on September 30, 2018, the Executive Compensation Committee certified the Company's performance relative to the sales growth, Adjusted EBITDA growth, and ROE objectives for such performance period. As described in the table below, based on the level of such sales growth, Adjusted EBITDA growth, and return on equity, the Executive Compensation Committee determined that none of the 2016-2018 PRSUs would vest and all of the awards were cancelled.

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The Company's performance for the three year period ended September 30, 2018 as compared with the targets for the 2016-2018 PRSUs, which performance resulted in a 0% payout with respect to the 2016-2018 PRSUs, is as follows:

Performance measures (In thousands, except per share data)	**2016-2018 PRSU Weighting %**	**2016-2018 PRSU Threshold**	**2016-2018 PRSU Target**	**2016-2018 PRSU Maximum**	**2016-2018 Actual Achievement**	**% of Vesting Achieved**	**Weighted Vesting Earned**
Cubic Corporation							
Sales Growth Factor(1)	40%	1.05	1.10	1.15	0.97	0.0%	0.0%
Adjusted EBITDA Growth Factor(2)	40%	1.06	1.12	1.18	0.86	0.0%	0.0%
Return on Equity(3)	20%	6.0%	8.5%	11.0%	0.13%	0.0%	0.0%
						Total	0.0%

(1) The sales growth factor for the 2016-2018 PRSUs is calculated as the cumulative sales achieved in fiscal years 2016, 2017 and 2018 divided by the baseline cumulative sales amount of $4,295,000,000. The sales for 2016, 2017 and 2018 are based upon the amounts included in the Company's respective Annual Reports on Form 10-K for the fiscal years ended September 30, 2016, September 30, 2017, and September 30, 2018, as filed with the SEC. The cumulative sales achieved in fiscal years 2016, 2017 and 2018 totaled $4,150,424,000. As such the achieved sales growth factor was 0.97.

(2) Adjusted EBITDA is a non-GAAP performance measure used by management. In the context of the vesting criteria for the 2016-2018 PRSUs, Adjusted EBITDA excludes income taxes, non-operating income and expenses, depreciation, amortization, intangible asset impairment charges, fixed asset and other long-lived asset impairment charges, and goodwill impairment charges. The Adjusted EBITDA for 2016, 2017 and 2018 is calculated based upon the amounts included in the Company's respective Annual Reports on Form 10-K for the fiscal years ended September 30, 2016, September 30, 2017, and September 30, 2018, as filed with the SEC. As such, the 2016 and 2017 amounts include discontinued operations while the 2018 amounts only include continuing operations. The Adjusted EBITDA growth factor for the 2016-2018 PRSUs is calculated as the cumulative Adjusted EBITDA achieved in fiscal years 2016, 2017 and 2018 divided by the baseline cumulative Adjusted EBITDA amount of $380,000,000. The adjusted EBITDA achieved in fiscal years 2016, 2017 and 2018 totaled $328,228,000. As such the achieved Adjusted EBITDA growth factor was 0.86. The following is a reconciliation of Adjusted EBITDA to net income as defined by the Executive Compensation Committee for purposes of the vesting of the 2016-2018 PRSUs:

	Year ended September 30,			**Three Years Ended September 30,**
	2016	**2017**	**2018**	**2018**

Net income (loss) attributable to Cubic	$ 1,735	$ (11,209)	$ 12,310	$ 2,836
Noncontrolling interest in loss in VIE			(274)	(274)
Discontinued operations			(4,243)	(4,243)
Add:				
Interest expense, net	9,723	14,033	8,809	32,565
Income taxes	(9,212)	15,059	7,093	12,940
Depreciation and amortization	45,478	51,099	46,600	143,177
EBITDA	47,724	68,982	70,295	187,001
Adjustments to EBITDA:				
Acquistion related expenses, excluding amortization	28,682	(274)	4,420	32,828
ERP System Development	34,819	34,406	24,141	93,366
Restructuring costs	1,852	2,468	5,018	9,338
Other non-operating expense (income), net	4,972	36	687	5,695