

CUBIC CORP /DE/  
Form 11-K  
June 17, 2014  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C.20549

**FORM 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15(d)**  
**OF THE SECURITIES ACT OF 1934**

**For the Fiscal Year Ended December 31, 2013**

**1-8931**

**Commission File Number**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**CUBIC APPLICATIONS, INC. 401(k) RETIREMENT PLAN**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**CUBIC CORPORATION**

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**9333 Balboa Avenue**

**San Diego, California 92123**

**Telephone (858) 277-6780**

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**CUBIC APPLICATIONS, INC. 401(K) RETIREMENT PLAN**

**Financial Statements and Supplemental Schedule**

December 31, 2013 and 2012

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\* Other schedules required by Section 2520.103-10 of the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA have been omitted because they are not applicable.

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**Report of Independent Registered Public Accounting Firm**

To the Administrator and Participants of the

Cubic Applications, Inc. 401(k) Retirement Plan:

We have audited the accompanying statements of net assets available for benefits of the Cubic Applications, Inc. 401(k) Retirement Plan as of December 31, 2013 and 2012, and the related statement of changes in net assets available for benefits for the year ended December 31, 2013. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013 and 2012, and the changes in net assets available for benefits for the year ended December 31, 2013, in accordance with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held at end of year as of December 31, 2013, is presented for purposes of additional analysis and is not a required part of the basic financial statements but is supplemental information required by the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ **MAYER HOFFMAN McCANN P.C.**

San Diego, California  
June 17, 2014

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CUBIC APPLICATIONS, INC. 401(K) RETIREMENT PLAN

**Statements of Net Assets Available for Benefits**

December 31, 2013 and 2012

	2013	2012
<b>Assets:</b>		
Investments, at fair value:		
Mutual funds	\$ 135,726,681	\$ 111,405,743
Guaranteed interest account	10,199,520	9,154,385
Stable value fund	17,502,383	17,814,899
Cubic Corporation common stock	1,759,684	1,678,081
Self-directed brokerage account	215,085	434,318
<b>Total investments</b>	<b>165,403,353</b>	<b>140,487,426</b>
<b>Receivables:</b>		
Employer s contributions	535,721	1,010,934
Participants contributions	316,755	273,958
Notes receivable from participants	2,427,616	2,434,588
<b>Total receivables</b>	<b>3,280,092</b>	<b>3,719,480</b>
<b>Total assets</b>	<b>168,683,445</b>	<b>144,206,906</b>
<b>Liabilities:</b>		
Excess contributions payable		9,154
<b>Total liabilities</b>		<b>9,154</b>
<b>Net assets available for benefits reflecting all investments at fair value</b>	<b>168,683,445</b>	<b>144,197,752</b>
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(138,908)	(502,072)
<b>Net assets available for benefits</b>	<b>\$ 168,544,537</b>	<b>\$ 143,695,680</b>

See the accompanying notes to financial statements.

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CUBIC APPLICATIONS, INC. 401(K) RETIREMENT PLAN

**Statement of Changes in Net Assets Available for Benefits**

For the Year Ended December 31, 2013

Additions to net assets attributed to:	
Investment income:	
Interest and dividends	\$ 1,767,139
Interest on guaranteed interest account	300,961
Net change in fair value of investments	24,275,215
Total investment income	26,343,315
Interest income on notes receivable from participants	97,045
Contributions:	
Participants	6,178,526
Employer s	9,728,249
Participants rollovers from other qualified plans, net	2,138,333
Total contributions	18,045,108
Total additions	44,485,468
Deductions from net assets attributed to:	
Benefits paid to participants	19,527,791
Administrative expenses	108,820
Total deductions	19,636,611
Net increase	24,848,857
Net assets available for benefits:	
Beginning of year	143,695,680
End of year	\$ 168,544,537

See the accompanying notes to financial statements.

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CUBIC APPLICATIONS, INC. 401(K) RETIREMENT PLAN

**Notes to Financial Statements**

December 31, 2013 and 2012

**(1) Plan Description**

The following description of the Cubic Applications, Inc. 401(k) Retirement Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan.

**(a) General**

The Plan, which was effective April 8, 1994 and amended from time to time thereafter, is a defined contribution plan covering eligible full-time, part-time and temporary non-union employees of Cubic Corporation and affiliated companies that have adopted participation in the Plan (collectively, the Company). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

**(b) Contributions**

There are certain differences in contribution options and certain other matters between participating employees of Cubic Applications, Inc. (Sub Plan 1), and participating employees of Abraxas Corporation, Abraxas Dauntless, Inc., and NEK Services, Inc. (Sub Plan 2).

Sub Plan 1 participants may voluntarily contribute to the Plan up to 30% of pre-tax and after-tax annual compensation (up to the Internal Revenue Service (IRS) maximum allowable amount), as defined by the Plan, to the Plan. These participants may also rollover amounts representing distributions from other eligible retirement plans. Sub Plan 1 participants direct their contributions and the Company's contributions in 1% increments in the Guaranteed Interest Account, mutual funds, Stable Value Fund, and the Company's common stock. They may also transfer up to 99% of their account balance to a Self-Directed Brokerage Account.

For Sub Plan 1 participants, the matching Company contribution is 100% of the first 5% of base compensation that a participant contributes to the Plan. The Plan also provides for a Company discretionary contribution, at the option of the Cubic Corporation Board of Directors, in an amount to be determined annually for these participants. Discretionary contributions to the Plan for Sub Plan 1 participants are allocated based

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on the ratio of each participant's compensation to total compensation of all eligible participants. Sub Plan 1 participants must be employed by Cubic Applications, Inc. as of the Plan's year end, have at least one year of service and have earned at least 1,000 hours of service during the Plan year to be eligible for any discretionary contributions.

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CUBIC APPLICATIONS, INC. 401(K) RETIREMENT PLAN

**Notes to Financial Statements**

December 31, 2013 and 2012

**(1) Plan Description, Continued**

**(b) Contributions (continued)**

Sub Plan 2 participants can voluntarily contribute up to 90% of their compensation as pre-tax or after-tax contributions. However, their combined pre-tax and after-tax contributions together cannot exceed 90% of their annual compensation (not to exceed the IRS maximum allowable amount), as defined by the Plan. Sub Plan 2 participants can also rollover amounts representing distributions from other eligible retirement plans.

The Company matching for eligible Sub Plan 2 participants, other than as noted below, is 100% of the participant's elective contribution made during the Plan year, up to 5% of the participant's annual compensation. The Company matching for eligible Abraxas Dauntless participants who are former employees of Safe Harbor Systems, Inc. (a wholly-owned subsidiary of Cubic Corporation) is 100% of the participant's elective contribution made during the Plan year, up to 6% of the participant's annual compensation, the Company matching for eligible Legacy Abraxas participants (employees of Abraxas Corporation hired prior to September 6, 2011) is 100% of the participant's elective contribution made during the Plan year up to 7% of the participant's annual compensation, and the Company Matching for eligible Cubic Advanced Applications Services, Inc. participants is 50% of the participant's elective contribution made during the Plan year, up to 6% of the participants annual compensation. In addition, the Sub Plan 2 provides for a Company discretionary contribution, at the option of the Cubic Corporation Board of Directors. Discretionary contributions to the Plan for Sub Plan 2 participants are allocated to all eligible participants based on the ratio of each eligible participant's compensation to total compensation of all eligible participants.

All Plan participants may change their investment options daily. All contributions are held in a trust and invested by the Plan's custodian in accordance with the options elected by the participants (i.e. all investments are participant directed). The maximum allowable calendar-year combined pre-tax and Roth after-tax voluntary contribution, as determined by the IRS, was \$17,500 for 2013 and \$17,000 for 2012.

**(c) Vesting**

Sub Plan 1 and Sub Plan 2 employee contributions, rollover contributions and Company matching and discretionary contributions are immediately 100% vested.



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CUBIC APPLICATIONS, INC. 401(K) RETIREMENT PLAN

**Notes to Financial Statements**

December 31, 2013 and 2012

**(1) Plan Description, Continued**

*(d) Participants Accounts*

Each participant's account is credited with the participant's contributions, the Company's matching contributions, his or her pro rata share of the Company's discretionary contributions (if any), rollovers and transfers from other plans and allocations of Plan earnings or losses including market value adjustments on Plan investments. Allocations are based on participant earnings or account balances, as defined in the Plan agreement. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. As of December 31, 2013 and 2012, Plan assets available for benefits that had not been credited to participant accounts, including unallocated forfeitures, amounted to \$213,634 and \$203,920, respectively.

*(e) Distribution of Participants Accounts*

The entire vested balance of a participant's account may be distributed at the date of the participant's retirement, termination of service, death, or permanent and total disability. Participants still employed are eligible for distributions of their rollover contributions each Plan year and up to 65% of their vested portion of the Company discretionary contributions once every five years. Participants, including terminated participants, may request a withdrawal of their accounts, excluding their matching contributions, in the case of financial hardship. Sub Plan 2 participants who have reached the age of 40 may also withdrawal up to 100% of their Company discretionary contributions. The normal retirement age, as defined by the Plan, is the later date at which participants reach the age of 65 or have reached five years of service. If a participant terminates employment with the Company before retirement, the participant will receive either a lump sum payment of their vested account balance or if the vested account exceeds \$1,000, the participant may elect any distribution date up to age 70½.

*(f) Notes Receivable from Participants*

Participants may borrow from their fund accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. A participant may not have more than two loans outstanding at any time. The loans, which are collateralized by the balance in the participant's account, bear interest at prime plus 1%, and the interest rate on loans that were outstanding at December 31, 2013 ranged from 4.25% to 10.00%. Interest rates for new loans are determined on the first business day of each calendar quarter. These rates are effective for all

new loans initiated on or after the first business day of the following quarter, and will remain in effect until a new rate is established.

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CUBIC APPLICATIONS, INC. 401(K) RETIREMENT PLAN

**Notes to Financial Statements**

December 31, 2013 and 2012

**(1) Plan Description, Continued**

*(f) Notes Receivable from Participants (continued)*

Principal and interest are paid ratably through scheduled payroll deductions. Participant loans are measured at their unpaid principal balance plus accrued but unpaid interest. All loans are repaid within a period of five years and outstanding loans at December 31, 2013 have maturity dates ranging from January 2014 through January 2019. Defaulted participant loans are reclassified as distributions based upon the terms of the Plan agreement.

**(2) Summary of Significant Accounting Policies**

*(a) Basis of Accounting*

The accompanying financial statements are prepared under the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

*(b) Use of Estimates*

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

(c) *Investment Valuation and Income Recognition*

The Plan's mutual funds, Stable Value Fund and funds held in the Self-Directed Brokerage Account are stated at fair value as determined by The Prudential Insurance Company of America, (the Custodian), and are based on the net asset value of units held by the Plan at year-end. The shares of Cubic Corporation common stock and the shares of the underlying securities in the Self-Directed Brokerage Account are valued at quoted market prices at year-end, as reported by the Custodian.

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CUBIC APPLICATIONS, INC. 401(K) RETIREMENT PLAN

**Notes to Financial Statements**

December 31, 2013 and 2012

**(2) Summary of Significant Accounting Policies, Continued**

**(c) *Investment Valuation and Income Recognition, continued***

Investment contracts held in the Guaranteed Interest Account are valued at fair value, which represents contributions, reinvested income, less any withdrawals, plus accrued interest. Fair value represents the estimated proceeds that would have been paid had the contract been discontinued as of December 31, 2013. The fair value is derived by multiplying the contractual Market Value Adjustment ( MVA ) by the contract value and taking into account all reasonably available information and assumptions about risks that a market participant would use. The MVA formula approximates the change in market value of a bond given a change in the rate environment and is equal to the average rate being credited under the contract minus the rate credited to new deposits for plans with similar features multiplied by a duration of time estimate. When establishing interest crediting rates for this investment, the Custodian considers many factors, including external factors such as current economic and market conditions, the general interest rate environment and internal factors such as the expected and actual experience of a reference portfolio within the issuer's general account. While these rates are established without the use of a specific formula, the crediting rate can never be less than 3.00%, thus mitigating significant changes in fair value measurement. Fair value is adjusted to contract value in the financial statements. The investment contracts are fully benefit responsive because participants may direct withdrawals and transfers at contract value. The average yield on such contracts was 3.00% for 2013 and 2012, respectively, which approximated market rates. The crediting interest rates are reviewed quarterly but cannot be less than 3.00%, and were 3.00% at December 31, 2013 and 2012, respectively. Since the crediting interest rate cannot be less than 3.00%, there is not a significant increase in implied liquidity risk yields or performance, thus an adjustment for risk is not necessary. Fair value calculations would only be applied in the event of a Plan Sponsor initiated withdrawal. The formula used for determination of fair value is adequate in determining what the price of a bond with cash flows similar to the Guaranteed Interest Account payout would be and therefore calculates the fair value in a similar manner to other stable value funds holding pooled securities in a trust. Management believes the fair value calculation is adequate based on other comparable evaluation methods. The contract value of the Guaranteed Interest Account at December 31, 2013 and 2012 was \$10,199,520 and \$9,154,385, respectively.

There are no reserves against contract value for credit risk of the contract issuer or otherwise. Participants may not transfer between the Guaranteed Interest Account and the Stable Value Fund without first investing in another investment option of the Plan for a period of 90 days.

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CUBIC APPLICATIONS, INC. 401(K) RETIREMENT PLAN

**Notes to Financial Statements**

December 31, 2013 and 2012

**(2) Summary of Significant Accounting Policies, Continued**

***(c) Investment Valuation and Income Recognition, continued***

Investment contracts held in the Stable Value Fund are valued at fair value, which represents contributions, reinvested income, less any withdrawals, plus accrued interest. The Stable Value Fund invests in investment contracts, traditional guaranteed investment contracts ( GICs ) and security-backed contracts issued by insurance companies and other financial institutions. The fair value of the units of this investment is based on the fair value of the underlying investments, and a net asset value can be calculated for this fund as audited financial statements are available. The fair value of a GIC is based on the present value of future cash flows using the current discount rate. The fair value of a security-backed contract includes the value of the underlying securities and the value of the wrapper contract. The fair value of a wrapper contract provided by a security-backed contract issuer is the present value of the difference between the current wrapper fee and the contracted wrapper fee. Fair value is adjusted to contract value on the financial statements. The investment contracts are fully benefit responsive because participants may direct withdrawals and transfers to contract value. The average yields on such contracts were 1.35% and 1.77% for 2013 and 2012, respectively. The contract value of the Stable Value Fund at December 31, 2013 and 2012 was \$17,363,475 and \$17,312,827, respectively. The Stable Value Fund s contract does not permit the Custodian to terminate the agreement prior to the scheduled maturity date.

Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date. Realized gains and losses on investments are recognized upon the sale of the related investments and unrealized appreciation or depreciation is recognized at period end when the carrying values of the related investments are adjusted to their estimated fair market value. Purchase and sales of securities are reflected on a trade-date basis.

Earnings on investments are allocated on a pro rata basis to individual participant accounts based on the type of investment and the ratio of each participant s individual account balance to the aggregate of participant account balances. The portion of interest included in each loan payment made by a participant is recognized as interest income in the participant s individual account.

***(d) Net Change in Fair Value of Investments***

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The Plan presents in the statement of changes in net assets available for benefits the net change in the fair value of its investments, which consists of the realized gains and losses and the net unrealized gain (loss) on those investments.

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CUBIC APPLICATIONS, INC. 401(K) RETIREMENT PLAN

**Notes to Financial Statements**

December 31, 2013 and 2012

(2) **Summary of Significant Accounting Policies, Continued**

(e) ***Fair Value Measurements***

The valuation techniques required to determine fair value are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect internal market assumptions. The two types of inputs create the following fair value hierarchy:

Level 1 Valuation is based upon unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Valuation is based upon other significant observable inputs (including quoted prices for similar assets or liabilities in active markets, identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, etc.).

Level 3 Valuation is based upon significant unobservable inputs. These inputs reflect the reporting entity's own assumptions about how market participants would price the asset or liability, including assumptions about risk in determining the fair value of the asset or liability.

The inputs or methodology used by valuing securities are not necessarily an indication of risk associated with investing in those securities.

The following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2013 and 2012. Mutual funds, funds held in the Self-Directed Brokerage Account and Cubic Corporation common stock are valued at quoted prices for identical assets in active markets. The Guaranteed Interest Account and the Stable Value Fund are measured using the market approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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CUBIC APPLICATIONS, INC. 401(K) RETIREMENT PLAN

**Notes to Financial Statements**

December 31, 2013 and 2012

(2) **Summary of Significant Accounting Policies, Continued**

(e) *Fair Value Measurements, continued*

The following is a summary of investments classified in accordance with the fair value hierarchy:

	Investments at Fair Value as of December 31, 2013			Total
	Level 1	Level 2	Level 3	
Mutual funds:				
Domestic equity funds	\$ 72,564,263	\$	\$	\$ 72,564,263
Domestic bond funds	17,788,054			17,788,054
International equity fund	22,201,017			22,201,017
Hybrid fund	18,019,610			18,019,610
Money market fund	3,330,767			3,330,767
International bond fund	1,822,970			1,822,970
Total mutual funds	135,726,681			135,726,681
Guaranteed interest account			10,199,520	10,199,520
Stable value fund		17,502,383		17,502,383
Cubic Corporation common stock	1,759,684			1,759,684
Self-directed brokerage account	215,085			215,085
Total investments at fair value	\$ 137,701,450	\$ 17,502,383	\$ 10,199,520	\$ 165,403,353

	Investments at Fair Value as of December 31, 2012			Total
	Level 1	Level 2	Level 3	

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Mutual funds:				
Domestic equity funds	\$	53,443,738	\$	\$ 53,443,738
Domestic bond funds		20,061,030		20,061,030
International equity fund		18,380,871		18,380,871
Hybrid fund		14,536,502		14,536,502
Money market fund		3,729,794		3,729,794
International bond fund		1,253,808		1,253,808
Total mutual funds		111,405,743		111,405,743
Guaranteed interest account			9,154,385	9,154,385
Stable value fund			17,814,899	17,814,899
Cubic Corporation common stock		1,678,081		1,678,081