



Release to Australian Securities Exchange

Letter to Shareholders

10 November 2009

Please see the attached letter which is being sent to shareholders today.

For further information:

Graham Davie
Chief Executive Officer
graham.davie@redflex.com.au
+61 3 9674 1715

Marilyn Stephens
Company Secretary
marilyn.stephens@redflex.com.au
+61 3 9674 1712



10 November 2009

Dear Shareholders

A LETTER FROM YOUR BOARD

Your Board remains proud of your company's achievements. Most recently, on 2 November 2009, Redflex announced a \$34 million contract in Saudi Arabia reflecting the ongoing success at an operational level. Your company's global footprint continues to expand in line with the Board's strategy for sustainable growth.

We look forward to updating you in further detail at the Annual General Meeting, which as you would know is to be held on Thursday 19 November 2009. By now you should have received a detailed Notice of Meeting with accompanying documentation.

A significant issue at the meeting is likely to be the consideration of resolutions proposed by or on behalf of shareholders Thorney Holdings Pty Ltd, Hunter Hall Investment Management Limited and Renaissance Smaller Companies Pty Ltd (the "Requisitioning Shareholders") to appoint three directors, Mr Robin Debernardi, Mr Ian Davis and Mr Max Findlay (the "Nominees") and to remove current directors Mr Peter Lewinsky and Mr Roger Sawley. The Requisitioning Shareholders have also proposed that Chairman Mr Christopher Cooper who is up for re-election not be re-elected.

Your Board has unanimously rejected each of the resolutions put forward by the Requisitioning Shareholders because it considers that such proposals are not in the company's interests.

It is not the purpose of this letter to re-canvass all information in the Notice of Meeting documentation.

However, there are two particular aspects of note which your Board wants to bring to your attention since we last wrote to you.

First, each Nominee has still provided no position statement or shareholder documentation as to their proposed approach or strategy or what they propose doing differently. While your Board has an ongoing strategy for value enhancement, most recently illustrated by the expansion into Saudi Arabia, no alternative or better plan has been outlined in any documentation issued by the Nominees.

Secondly, each Nominee has still not acted on private and open invitations to be interviewed by your Board's Nominations Committee established for the purpose of making recommendations regarding director appointments in the interests of all shareholders. That invitation remains open.

Your Board is troubled with the concept of director appointments occurring where shareholders are not able to properly assess the suitability of the Nominees as directors and obtain a better understanding of what contributions they could make that are not currently being provided by the existing Board members.

Your Board is always amenable to appropriate change. Your Board re-iterates that if the Requisitioning Shareholders' proposals are unsuccessful, your Board will continue to consider the appropriate makeup of its composition moving forward having regard to the underlying sentiment expressed by the Requisitioning Shareholders and in the best interests of the company as a whole.

In particular, your Board advises that it has determined that following the Annual General Meeting it intends to appoint a professional search firm in order to propose new suitable Board candidates to the Nomination Committee. The Nominees would be welcome to submit themselves to that process and we would hope that they will do so in the interests of all shareholders.

In the meantime, your Board re-iterates its unanimous recommendation that shareholders vote in favour of resolutions 1 to 6 and against resolutions 7 to 11 being the Requisitioning Shareholder resolutions.

We look forward to seeing you on 19 November.

Yours sincerely



Christopher Cooper
Chairman



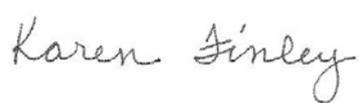
Roger Sawley
Non Executive Director



Graham Davie
Chief Executive Officer



Peter Lewinsky
Non Executive Director



Ronald Langley
Non Executive Director

Karen Finley
Executive Director