

ASX ANNOUNCEMENT

4 February 2017

Redflex Holdings Limited | ABN 96 069 306 216

The Redflex logo features the word "Redflex" in a white, sans-serif font, followed by a stylized green circular graphic element that resembles a lowercase 'r' or a similar shape.

Legal Settlement with the City of Chicago – Qui Tam Claim

Redflex Holdings Limited (**ASX:RDF**) (**Company**) today announces that the Company, with its U.S. subsidiary, Redflex Traffic Systems, Inc. (based in the State of Arizona in the United States), has signed a release and settlement agreement with the City of Chicago (**City**) to resolve the qui tam civil litigation brought by the City (as plaintiff) in the United States District Court, Northern District of Illinois, Eastern Division (Case No. 15-cv-0827 (N.D. Ill))¹.

With the recently announced Non-Prosecution Agreement by the U.S. Department of Justice and this settlement of the qui tam legal action, the Company has now resolved all criminal and civil matters in the United States arising out of the Company's 2013 investigation.

Mr Adam Gray (Chairman) on behalf of the Redflex Board and the Company, stated that:

"I would like to thank the groups and individuals involved in illuminating and then responsibly addressing the Company's past misdeeds. Having now fully and favourably closed this chapter in the Company's history, we look forward to focusing exclusively upon assisting our customers in improving road and pedestrian safety within their communities, to profitably growing the Redflex business, and to creating value for our shareholders and stakeholders alike".

Under the terms of the agreement the Company will pay to the City USD20 million (with a total of USD10 million payable to the City by December 31, 2017 and the balance payable, in various annual instalments, by December 31, 2023, unless this date is extended under the terms of the agreement).

Redflex operates in 16 countries on 5 continents. The Company intends to continue developing new products and services and focusing on those markets that have attractive growth profiles, unmet market needs, acceptable risk and a high level of market fragmentation.

¹ See the Company's previous ASX announcements on 31 August 2015 and 15 December 2015, respectively.

About Redflex

The Redflex Group has established itself as a world leader in traffic enforcement products and services, developing world leading enforcement camera technology and owning and operating one of the largest networks of digital speed and red-light cameras in the world. Redflex develops and manufactures a wide range of digital photo enforcement solutions including red light camera, speed camera and school bus stop arm camera systems all utilising the most advanced sensor and image capture technologies.

The Redflex Group runs its own systems engineering operations, system integration technologies and innovation centre for research and development. With our continuous development of new safety products, the Redflex Group has been helping to reduce collisions and to save lives for more than 20 years.

Redflex Holdings Limited was listed on the Australian Securities Exchange in January 1997.

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