

12 May 2015

REDFLEX TRAFFIC SYSTEMS, INC. (“RTSI”)

UNITED STATES OF AMERICA

APPOINTMENT OF PRESIDENT AND CHIEF EXECUTIVE OFFICER

The Company is pleased to announce that, effective on May 27, 2015, Mr Michael R Finn is appointed as President and Chief Executive Officer of the Company’s U.S. subsidiary, Redflex Traffic Systems, Inc (“RTSI”).

Mr Finn replaces Mr James Saunders who resigned from this position to pursue other opportunities. Mr Saunders will leave the position on May 27, 2015.

Prior to his appointment at RTSI, from 2013 Mr Finn was “Head of Go To Market - Americas” at HERE (a division of Nokia Corporation) which is a provider of geographic information systems data and base electronic navigable maps out of Chicago, Illinois, United States of America. Before 2013, and for nearly 20 years, Mr Finn held various senior executive positions at NAVTEQ in the U.S. including, most recently, as General Manager, Americas Traffic Services in the Nokia HERE Division.

Mr Finn has also worked at Old Kent Financial Corporation (now Fifth Third Banking Corporation) as a Financial Controller and at Chemical Banking Corporation (now JP Morgan Chase) as a Commercial Loan Officer.

Mr Finn holds a Bachelor of Arts (Economics) from Cornell University in New York State and an MBA from the University of Michigan.

Mr Paul Clark, Group Chief Executive Officer stated on Mr Finn’s appointment:

“The Company is excited to have a person of Michael’s calibre leading the U.S Redflex team. While being responsible to develop the current U.S. business Michael will also be leading the team to introduce new products and enter new markets in and around the United States, Canada and Mexico. This is a great opportunity for Michael and Redflex in the U.S.”

A summary of the material terms of Mr Finn’s Employment Contract are set out in Annexure 1 to this announcement.

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 the largest network of digital speed and red-light cameras in the world.

The Redflex Group 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.

Based in South Melbourne, Victoria, Australia, 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 25 years.

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

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Annexure 1 to ASX Announcement – 12 May 2015

Material Terms of the Employment Contract

President and Chief Executive Officer, RTSI

Mr Finn is employed in the position of President and Chief Executive Officer of Redflex Traffic Systems, Inc. based in Phoenix, Arizona, United States of America.

Mr Finn's employment commences on May 27, 2015 and is for an initial term of three years ending at 5.00pm on May 26, 2018. This is extendable only at the option of the Company.

Mr Finn is entitled to the Base Pay of USD\$300,000 per annum.

In addition to the Base Pay, in recognition of forfeited unvested equity with his former employer, Mr Finn will be eligible to receive USD\$75,000 net of any withholdings, upon the first anniversary of Mr Finn's continuous employment with RTSI and USD\$75,000 net of any withholdings, upon the second anniversary of Mr Finn's continuous employment with RTSI. These payments will not be made to the extent that Mr Finn's equity vests as at the commencement of his employment with RTSI.

Mr Finn will also be entitled to:

- (a) a short term incentive payment of up to 30% of his Base Pay, depending on his achievement of key performance indicators in a financial year, payable by March 15 of the following calendar year; and
- (b) participate in the Company's annual long term incentive plan of up to a maximum of 60% of Base Pay earned for out-performance.

On the condition that Mr Finn remains employed by RTSI for at least 12 months, Mr Finn will be entitled to a maximum of USD\$100,000 in relocation expenses to move from Chicago, Illinois to take up employment with RTSI in Phoenix, Arizona.

The Agreement may be terminated at will by RTSI by giving notice and by paying Mr Finn the lesser of (a) 12 months Base Pay (in 18 equal monthly instalments), or (b) the remainder of Mr Finn's Base pay if the termination occurs within the last 12 months of the end of the three year term (in 18 equal monthly instalments). Mr Finn would also be entitled to receive continued health insurance premiums over the same period.

No severance payments are payable on termination for cause. Summary termination is permitted for gross misconduct.

Mr Finn is also entitled to terminate the Agreement for good reason based upon constructive termination.