

ASX ANNOUNCEMENT

15 December 2015

REDFLEX HOLDINGS LIMITED ABN 96 069 306 216

Update – Legal Action by City of Chicago

Further to the Company's ASX announcement on 31 August 2015, Redflex Holdings Limited (**Company**) has been notified that the City of Chicago (**City**) has filed an amended civil complaint in this matter with the United States District Court for the Northern District of Illinois, Eastern Division (after the matter was transferred from the Circuit Court of Cook County, Illinois).

The amended complaint adds the Company as a defendant, along with Redflex Traffic Systems, Inc. (**RTSI**). The City also alleges claims for civil damages against the Company and RTSI for alleged violations of the City's false claims and false statement ordinances and consumer fraud laws, breach of contract, civil conspiracy, violation of kickback laws and unjust enrichment.

The City claims civil damages against the Company being treble the amount the City alleges it paid to RTSI under the now terminated contract with the City (i.e. three times approximately USD\$125.9 million). Civil penalties are sought in addition to the alleged damages as well as restitution, disgorgement of alleged "ill-gotten" profits, recovery of alleged unjust enrichment and consequential damages.

Both the Company and RTSI will, in defending this legal action, make use of all available legal defences.

A senior City of Chicago official, Mr John Bills, will stand trial in the United States in January 2016 charged on indictment with several offences including nine counts of mail fraud, three counts of wire fraud, three counts of federal program bribery, three counts of filing a false federal income tax return and one count each of extortion and conspiracy to commit federal program bribery.

Ms Karen Finley, a former RTSI CEO, is scheduled to be sentenced on February 18, 2016. Ms Finley faces a maximum sentence of 5 years in prison, a maximum fine of USD\$250,000 or twice the gross gain or gross loss from the offence, and mandatory restitution.

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 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.

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.

For further information:

Paul Clark
Group Chief Executive Officer
Redflex Holdings Limited
paul.clark@redflex.com.au
+61 3 9674 1836

Craig Durham
Group General Counsel & Company Secretary
Redflex Holdings Limited
craig.durham@redflex.com.au
+61 3 9674 1771