

Statement Regarding Lawsuit Filed by Competitor

18 November 2008

Redflex Traffic Systems, Inc. (REDFLEX) was awarded the Arizona statewide contract for photo enforcement, the largest award of its kind, earlier this year.

REDFLEX is surprised that its competitor and the unsuccessful bidder has filed a second lawsuit over the award. American Traffic Solutions (ATS) filed this recent lawsuit in Arizona federal court.

REDFLEX rejects the allegations in the lawsuit and intends to vigorously defend itself against the claims asserted. REDFLEX believes that the allegations in the lawsuit are belied by the decision of the Arizona Department of Public Safety Chief Procurement Officer, Lu Himmelstein, rejecting ATS's protest of the award of the statewide contract to REDFLEX. In her decision, Ms. Himmelstein specifically found, among other things, that REDFLEX was properly awarded the contract, having submitted a "responsive offer" and being a "responsible bidder."

ATS's first lawsuit seeking to stop and contest the award to REDFLEX, which ATS filed in Arizona state court, was dismissed because ATS was required to first exhaust its administrative remedies.

In addition to successfully competing against ATS for the Arizona statewide contract, REDFLEX has participated in three head-to-head live test pilot contests for major programs, including Arizona and the cities of Corpus Christi and Austin, Texas. In each case, REDFLEX and ATS were required to install and operate systems that would be comparatively evaluated based on various scoring metrics; following direction on scope of work, timeliness, image quality, management reporting, price and customer service. After these recent evaluations, REDFLEX was chosen to serve the jurisdictions where the trial programs took place. REDFLEX believes that these results speak for themselves and evidence its track record of solid performance.

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