

Arizona Speed Contract

6 May 2010

In the recent Redflex announcement of 29 April 2010, the directors advised that the base term of the original State-wide speed contract in Arizona was due to expire in early FY2011, and that there was a distinct possibility that the program would not continue.

Redflex has now received formal notification from the Department of Public Safety (DPS) that the contract will not be renewed.

DPS stated "DPS wishes to be clear that its decision to not renew the contract is not a reflection of your company's services or performance of the contract but a change in the agency's focus".

As a result of the non-renewal there will be a significant write-down of the assets associated with the program which is estimated at this stage to be of the order of \$5 million. The exact amount of the write-down will require further detailed assessment.

This will affect the FY2010 result, which is now expected to be approximately \$2 million net profit before tax for the full year. It does clear the way for the result in the FY2011 year to be clear of further losses associated with this program.

Redflex regrets this decision by DPS, and believes it has been an exemplary supplier of traffic safety services, and has delivered safety outcomes for the benefit of all citizens of the state of Arizona.

Redflex Traffic Systems, Inc. has contracts with more than 240 U.S. cities, and is the largest provider of digital red light and speed enforcement services in North America. With photo speed programs in nine states and photo red light programs across 21 states, Redflex will continue to provide the best available road safety services and outcomes across the US and around the world.

For further information:

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

Ron Johnson
Chief Financial Officer
Redflex Holdings Limited
ron.johnson@redflex.com.au
+61 3 9674 1754