ASX ANNOUNCEMENT

24 December 2016

Redflex Holdings Limited | ABN 96 069 306 216

U.S. Department of Justice Ends Criminal Inquiry into Company's U.S. Subsidiary with Non-Prosecution Agreement

No charges will be filed based, in part, on Company's cooperation

Redflex Holdings Limited (**ASX:RDF**) (**Company**) today announces that an agreement has been reached between the U.S. Department of Justice (**U.S. DOJ**) and the Company's U.S. subsidiary, Redflex Traffic Systems, Inc. (**Redflex Americas**) in relation to U.S. DOJ's investigation into the prior misconduct of former employees of Redflex Americas.

Redflex Americas today entered a Non-Prosecution Agreement (**NPA**) with the U.S. DOJ for a term of two (2) years. A copy of the NPA is attached to this announcement. The NPA provides that the U.S. DOJ will not charge Redflex Americas with any offence arising out of its activities that U.S. DOJ was investigating, which related to the City of Chicago and locations in the State of Ohio, provided Redflex Americas fully complies with the provisions of the NPA. The misconduct under investigation ended more than four years ago, and the individuals involved have not been employed by Redflex Americas for almost four years.

Under the NPA, Redflex Americas:

- will not pay any fine or penalty to the U.S. DOJ relating to the misconduct;
- has agreed to pay restitution to the City of Columbus, Ohio in the total amount of USD$100,000; and
- has agreed to pay an undefined amount of restitution to the City of Chicago, Illinois in the future, based on the outcome of the pending Qui Tam civil lawsuit filed by the City of Chicago (see the Company's previous ASX announcements on 31 August 2015 and 15 December 2015, respectively). The amount of restitution will be equal to the amount (if any) of either any final judgment that may be issued in favour of the City of Chicago by the Court, or any settlement agreement that the Company and the City of Chicago may agree to that resolves the case. Until such an amount has been determined, or there is a material change in circumstances, the Company will not make any further announcements on this issue.

Since early 2013, when the Company made detailed disclosures to the U.S. DOJ of the misconduct, the Redflex Group has significantly enhanced its risk and compliance program which is overseen by the Company's Risk & Compliance Committee and the Redflex Holdings Board.

We are proud of the new Redflex which is dedicated to ensuring continued rigour in the oversight and discharge of its global risk and compliance responsibilities.

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.

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

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December 23, 2016

Scott R. Lassar
David H. Hoffman
Geeta Malhotra
Sidley Austin LLP
One South Dearborn St.
Chicago, IL 60603

Re: Redflex Traffic Systems, Inc.

Dear Messrs Lassar and Hoffman and Ms. Malhotra:

This letter sets forth the full and complete agreement between Redflex Traffic Systems, Inc. ("Redflex"), a subsidiary of Redflex Holdings Limited ("RHL"), and the United States Department of Justice, as represented by the United States Attorney's Office for the Northern District of Illinois, the United States Attorney's Office for the Southern District of Ohio, and the Public Integrity Section, Criminal Division, United States Department of Justice (collectively, "DOJ").

Conditioned on the understandings specified below, DOJ agrees not to prosecute Redflex—or any of its present or former parents, subsidiaries, or affiliates—for any potential criminal violations arising out of (l) Redflex's activities in seeking, obtaining, and executing red light camera contracts and photo enforcement contracts with the City of Chicago, as described in Attachment A, and (2) Redflex's activities in seeking, obtaining, and executing red light camera contracts and other photo enforcement contracts with cities in the State of Ohio, as described in Attachment B.

DOJ enters into this Agreement based, in part, on the following factors:

(a) Redflex's acceptance of responsibility for its conduct as related to the activities described in Attachments A and B;

(b) Redflex's extensive, thorough, timely, and voluntary cooperation, including:

(i) disclosing the conduct of its employees and agents related to the activities described in Attachments A and B;

(ii) conducting an internal investigation and sharing results with DOJ during multiple meetings;

(iii) making its employees available for interviews and testimony;

(iv) making a high-level executive available for covert, proactive cooperation in Ohio; and

(v) producing documents and other materials.

(c) Redflex's early and extensive remedial efforts in response to the investigations, including:

(i) forming a Risk and Compliance Committee of the RHL Board of Directors in order to dedicate Board resources specifically to the compliance function;

(ii) creating a dedicated Director of Compliance position, presently reporting directly to the Chairman of the Risk and Compliance Committee;

(iii) developing and implementing revised Anti-Bribery and Anti-Corruption Policies and Procedures;

(iv) developing and instituting a new global Code of Business Conduct and Ethics, later superseded by the Employee Code of Conduct and Ethics;

(v) instituting a series of anti-corruption trainings, including extended anti-bribery and anti-corruption training of RHL board members, executives, vice presidents, "high risk" employees, consultants, lobbyists, and other third-party commercial intermediaries;

(vi) implementing an enhanced Gifts and Hospitality Policy, and a new Group-wide Business Expense and Travel Policy;

(vii) enhancing the review and approval process for expense reports, and bolstering controls regarding travel;

(viii) establishing an online Compliance Center and a whistleblower/ethics hotline;

(ix) enhancing the existing due diligence procedures to be followed in connection with the retention of commercial intermediaries;

(x) including fortified anti-bribery language in third-party contracts, and regularly reviewing its contracts with sales consultants and lobbyists;

(xi) implementing a Global Delegation of Authority Policy, which designates the personnel who can enter into contracts and approve expenditures based on monetary thresholds; and

(xii) terminating the employment and/or accepting the resignation of certain employees involved in the conduct set forth in Attachments A and B; and

(d) Redflex's agreement to provide semi-annual, written reports to DOJ on Redflex's progress and experience in monitoring and enhancing its compliance policies and procedures, as described in Attachment D (Corporate Compliance Reporting).

Redflex accepts and acknowledges responsibility for the conduct set forth in Attachments A and B, and admits that the facts described in Attachments A and B are true and correct.

This Agreement does not relate to any potential criminal tax charges, as to which DOJ can make no agreement, and it does not provide any protection against prosecution for any other crimes except as set forth above. This Agreement also applies only to Redflex and its present or former parents, subsidiaries, and affiliates as of the date of this Agreement, and not to any other entities or to any individuals. The protections provided under this Agreement shall not apply to any acquirer of or successor entity to Redflex unless and until such acquirer or successor formally adopts and executes this Agreement.

Redflex's obligations under this Agreement shall continue for a term of two (2) years from the date on which this Agreement is executed, except as specifically provided in the following paragraphs. During the two-year term of this Agreement, in addition to the other requirements described in this Agreement, Redflex shall: (a) commit no felony under United States law; (b) truthfully and completely disclose non-privileged information with respect to the activities of Redflex, its executives, directors, officers, employees, and others concerning all matters about which DOJ inquires, which information can be used for any purpose not otherwise limited by this Agreement; (c) advise DOJ of all conduct by, or criminal investigations of conduct by, Redflex, any of its employees, or its subsidiaries that could constitute a felony under United States law that come to the attention of Redflex's Officers; and (d) advise DOJ of any criminal investigation, administrative proceeding or civil action brought by any governmental authority that alleges fraud or corruption by or against Redflex.

Redflex shall, subject to applicable laws or regulations, cooperate fully with DOJ and any other law enforcement agency designated by DOJ, including full cooperation with all reasonable requests from the Australian Federal Police and other Australian law enforcement authorities, regarding matters arising out of the conduct described in Attachments A and B. As part of that obligation, Redflex shall: (a) use its best efforts promptly to secure the attendance and truthful statements or testimony of any officer, executive, director, agent, or employee of Redflex at any meeting or interview or before the grand jury or at any trial, or other court proceeding; and (b) provide DOJ, the Australian Federal Police, and other Australian law enforcement authorities, upon request, all non-privileged information, documents, records, or other tangible evidence. Notwithstanding the two-year term of this Agreement, Redflex shall cooperate with DOJ, the Australian Federal Police, and other Australian law enforcement authorities as set out in this paragraph until all of their investigations or prosecutions arising out of the conduct described in Attachments A and B are concluded.

Redflex agrees to pay as restitution and compensatory damages to the City of Chicago the amount of any final judgment that may be issued in favor of the City, or that Redflex and the City of Chicago may agree to in a settlement agreement, in the case *City of Chicago v. Redflex Traffic Systems, Inc. and Redflex Holdings Limited*, Case No. 15-cv-0827 (N.D. Ill.). Further, Redflex agrees to pay restitution of $100,000 to the City of Columbus, Ohio, in relation to the conduct described in Attachment B, which will be paid within ten days of executing this Agreement.

Redflex will ensure that its compliance and anti-bribery/anti-corruption standards and procedures meet the requirements set forth in Attachment C. Redflex will report to DOJ periodically regarding remediation and implementation of the compliance and anti-bribery/anti-corruption program, policies, and procedures, as described in Attachment D.

If DOJ in its sole discretion determines that Redflex has violated any provision of this Agreement, Redflex shall be subject to prosecution for any violation of United States law about which DOJ has knowledge, including any violations related to the conduct described in Attachments A and B, as well as perjury and obstruction of justice. Any such prosecution that is not time-barred by the applicable statute of limitations on the date that this Agreement is executed may be commenced against Redflex, notwithstanding the expiration of the statute of limitations during the term of this Agreement plus one year. Thus, by signing this agreement, Redflex agrees that the statute of limitations with respect to any prosecution that is not time-barred as of the date this Agreement is executed shall be tolled for the term of this Agreement plus one year.

If DOJ in its sole discretion determines that Redflex has violated any provision of this Agreement: (a) all statements made by Redflex to DOJ or other designated law enforcement agents, including statements reflected in Attachments A and B, and any testimony given by Redflex or its employees or agents before a grand jury or other tribunal, whether before or after the execution of this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any criminal proceeding brought against Redflex; and (b) Redflex shall assert no claim

under the United States Constitution, any statute, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or leads are inadmissible or should be suppressed.

In the event that DOJ in its sole discretion determines that Redflex has breached this Agreement, prior to instituting any prosecution resulting from such breach, DOJ agrees to provide Redflex with written notice of such breach. Within thirty (30) days of receiving such notice, Redflex shall have the opportunity to explain in writing the nature and circumstances of the breach, as well as the actions Redflex has taken to address and remediate the situation. DOJ shall consider that explanation in determining whether to institute a prosecution.

This Agreement is limited to DOJ and cannot bind other federal, state, local, or foreign prosecuting authorities. DOJ, however, will bring this Agreement and the cooperation of Redflex to the attention of other prosecuting and investigative offices, if Redflex so requests.

Redflex and DOJ will disclose this Agreement to the public by, among other means, making this Agreement available on their respective websites.

This Agreement was reached without regard to any civil or administrative matters that may be pending or may be commenced in the future against Redflex. This Agreement does not prohibit the United States, any of its agencies, including the Internal Revenue Service, or any third party from initiating or prosecuting any civil or administrative proceeding against Redflex.

This Agreement constitutes the full and complete agreement between Redflex and DOJ and supersedes any previous agreement between them. No additional promises, agreements, or conditions have been entered into other than those set forth in this letter, and none will be entered into unless in writing and signed by all parties.

Very truly yours,

Zachary T. Fardon
United States Attorney, NDIL

Date: 12/23/2016

By: Laurie J. Barsella
Laurie J. Barsella
Assistant U.S. Attorney

Benjamin C. Glassman
United States Attorney, SDOH

Date: 12/23/2016

By: J. Michael Marcus
J. Michael Marcus
Assistant U.S. Attorney

Raymond Hulser
Chief, Public Integrity Section

Date: 12/23/2016

By: Edward P. Sullivan (by Jmm per authorization)
Edward P. Sullivan
Trial Attorney

AGREED AND CONSENTED TO:
REDFLEX TRAFFIC SYSTEMS, INC.

I have read this Agreement and carefully reviewed every part of it with outside counsel for Redflex Traffic Systems, Inc ("Redflex"). I understand the terms of this Agreement and voluntarily agree, on behalf of Redflex, to each of its terms. Before signing this Agreement, outside counsel for Redflex fully advised me of the rights of Redflex and of the consequences of entering into this Agreement.

I have reviewed the terms of this Agreement with the Board of Directors of Redflex. I have advised and caused outside counsel for Redflex to advise the Board of Directors of the rights of Redflex and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of Redflex, in any way to enter into this Agreement. I am also satisfied with outside counsel's representation in this matter. I certify that I have been duly authorized by Redflex to execute this Agreement on behalf of Redflex.

Date: 12/23/2016

Virginia O'Malley
Vice President and
General Counsel

We represent Redflex Traffic Systems, Inc. ("Redflex") in the matter covered by this Agreement. We have discussed and reviewed the terms of this Agreement with Redflex's Board of Directors and its General Counsel. Based on our discussions, we are of the opinion that the General Counsel of Redflex has been duly authorized to enter into this Agreement on behalf of Redflex and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of Redflex and is a valid and binding obligation of Redflex. Further we have advised Redflex of its rights and the consequences of entering into this Agreement. To our knowledge, the decision of Redflex to enter into this Agreement, based on the authorization of the Board of Directors, is informed and voluntary.

Date: 12/23/2016

By: _____
Scott R. Lassar, Esq.
David H. Hoffman, Esq.
Geeta Malhotra, Esq.
Sidley Austin LLP

ATTACHMENT A

STATEMENT OF FACTS REGARDING CONDUCT OF REDFLEX IN AND AFFECTING THE NORTHERN DISTRICT OF ILLINOIS

This Statement of Facts is part of the Agreement, dated December 23, 2016, between Redflex Traffic Systems, Inc. ("Redflex") and the United States Department of Justice, as represented by the United States Attorney's Office for the Northern District of Illinois, the United States Attorney's Office for the Southern District of Ohio, and the Public Integrity Section, Criminal Division, United States Department of Justice (collectively, "DOJ"). Redflex and DOJ agree that the following facts regarding Redflex's conduct in and affecting the Northern District of Illinois are true and correct:

1. Redflex, an entity headquartered in Arizona that develops and manufactures digital photo enforcement systems, including red light cameras, is a wholly owned subsidiary of Redflex Holdings Limited ("RHL"), which is a listed entity on the Australian Securities Exchange.

2. From approximately 2001 until late 2005, Executive A was the Chief Executive Officer of Redflex.

3. From approximately 2001 until late 2005, Karen Finley was the Vice President of Operations of Redflex. From late 2005 through February 2013, Finley was the Chief Executive Officer of Redflex.

4. From approximately 2002 through February 2013, Aaron Rosenberg was Vice President of Sales and Marketing and, subsequently, Executive Vice President of Sales and Business Development for Redflex.

5. John Bills was an employee of the City of Chicago from June 1979, until he retired on June 30, 2011. Bills's job title at the time he retired was Managing Deputy Commissioner with

the City's Department of Transportation, also known as CDOT. Bills managed the City's Digital Automated Red Light Enforcement Program (DARLEP) from the time the first request for proposals (RFP) for red light cameras was initiated in late 2002 until he retired in 2011.

6. Prior to the summer of 2003, Martin O'Malley was a friend of Bills. From approximately November 2003 to approximately November 2012, O'Malley was an independent contractor for Redflex, working as a Customer Service Representative responsible for the Chicago contracts.

7. Beginning in or about approximately late 2002 and continuing until at least in or about late 2012, in exchange for Bills's efforts, as manager of the City's DARLEP, to assist Redflex in obtaining, keeping, and growing its DARLEP contracts with the City, including his providing inside information, Redflex officials, including (at varying times and in varying ways) Aaron Rosenberg, Executive A, and Karen Finley, provided Bills with personal financial benefits, including meals, hotel stays, rental cars, and/or golf outings, and, in addition, arranged for Martin O'Malley to be hired as an independent contractor for Redflex, even though he wasn't qualified for the position, and to receive lucrative compensation. DOJ's investigation established that much of this compensation was passed on by O'Malley to Bills.[1]

8. From 2003 to 2011, pursuant to O'Malley's contract with Redflex, O'Malley, as a customer service representative, was paid over $2 million. From late 2003 through 2006, Redflex paid O'Malley approximately $175,000 in salary payments (approximately $60,000 per year), $35,000 in reimbursed expenses, and $85,000 in bonuses and commissions. Between 2007 and 2011, Redflex paid O'Malley approximately $290,000 in salary payments (in mid-2007, at the

[1] In relation to the events described herein, John Bills, Karen Finley, and Martin O'Malley were convicted of corruption offenses in the Northern District of Illinois, and each has been sentenced to a period of incarceration.

request of O'Malley, Redflex increased O'Malley's salary from $2,300 to $2,500 twice a month), $12,000 in reimbursed expenses, and the following in bonuses and commissions: $87,400 (2007), $342,026 (2008), $515,046 (2009), $193,205 (2010), and $289,757 (2011).

9. In 2006, Redflex's then-comptroller encouraged Finley to reassess or renegotiate the commission provisions in O'Malley's contract with Redflex, as the very generous commission amounts were unusual for someone serving as customer service representative. Finley refused because she believed that doing so would have made Bills unhappy and jeopardized Redflex's current and future contracts with Chicago.

10. From 2003 through 2011, at Bills's request, Rosenberg paid for numerous items for Bills, including hotel rooms, car rentals, meals, golf games, computers, and other personal items and, with the approval of Executive A (at times, during his tenure as Redflex CEO) and/or Finley, expensed these purchases through Redflex. Most of the expenses were the result of requests made directly by Bills to Rosenberg, although occasionally, the requests came through O'Malley, for the benefit of Bills. Rosenberg and others at Redflex expensed these personal items for Bills in exchange for Bills using his position with the City of Chicago to make sure that Redflex kept and expanded its 2003 contract with the City of Chicago and obtained additional contracts with the City in the future, including the 2008 DARLEP contracts.

11. On or about August 17, 2007, and on or about September 23, 2008, Karen Finley, as Redflex's CEO, falsely certified to the City of Chicago on Economic Disclosure Statements that no agents of Redflex, during the prior five years, had bribed or attempted to bribe an employee of the City of Chicago, and further falsely certified that Redflex would comply with the Governmental Ethics Ordinance of the City. The Governmental Ethics Ordinance prohibited any person from giving any City official anything of value based on the mutual understanding that the official's

actions, decisions, or judgments concerning the business of the City would be influenced thereby, and also prohibited any City official or employee from soliciting or accepting anything of value in return for advice or assistance on matters concerning the operation or business of the City.

12. In August 2010, a former Redflex employee, in a letter to the RHL Board of Directors, alleged that Redflex officials and employees were engaged in a number of inappropriate activities, including that O'Malley was paying Bills. With the oversight of the Audit Committee of RHL's Board of Directors, an internal investigation was conducted. The then-general counsel of Redflex assigned the internal investigation to an outside attorney who had been retained by Redflex for prior labor matters and who had little or no experience in investigations involving public corruption allegations. Neither Bills nor O'Malley were interviewed as part of the investigation, and the investigation's review of expenses was conducted by Redflex personnel and included only a limited number of expense documents. At the end of the investigation, the attorney reported her conclusion that the only benefit received by Bills was a one-time, seemingly mistaken payment by Rosenberg for a hotel room for Bills. Although both Finley and Rosenberg then knew this to be false, neither called attention to the truth that thousands of dollars of benefits were regularly being given to Bills in exchange for his assistance, that Martin O'Malley had been hired and was being paid unusually high amounts of money because he was connected to Bills, and that O'Malley was passing some of the money to Bills. Further, after the attorney's report of the internal investigation was completed, Redflex did not inform the City's Ethics Commission about the whistleblower allegation, the internal investigation, and the investigation's conclusion that John Bills had accepted a hotel stay worth over $900.

13. Prior to Bills's retirement from the City of Chicago on June 30, 2011, Bills made it known to Rosenberg and other Redflex employees that he wanted a job with Redflex. In exchange

for the assistance that Bills had given to Redflex, Finley and Rosenberg, along with others from Redflex, including Redflex's general counsel, arranged for Bills to get a job with the Traffic Safety Coalition (TSC), which was administered by Resolute Consulting and primarily funded by Redflex. Once TSC hired Bills, Redflex increased its monthly contribution to Resolute to help pay for Bills's salary.

ATTACHMENT B

STATEMENT OF FACTS REGARDING CONDUCT OF REDFLEX IN AND AFFECTING THE SOUTHERN DISTRICT OF OHIO

This Statement of Facts is part of the Agreement, dated December 23, 2016, between Redflex Traffic Systems, Inc. ("Redflex") and the United States Department of Justice, as represented by the United States Attorney's Office for the Northern District of Illinois, the United States Attorney's Office for the Southern District of Ohio, and the Public Integrity Section, Criminal Division, United States Department of Justice (collectively, "DOJ"). Redflex and DOJ agree that the following facts regarding Redflex's conduct in and affecting the Southern District of Ohio are true and correct:

1. Redflex, a Delaware corporation headquartered in Glendale, Arizona, is a wholly owned subsidiary of Redflex Holdings Limited ("RHL"), which is a listed entity on the Australian Securities Exchange. Redflex's reported business focus was to enhance public safety through the use of technologies such as red-light and speed photo enforcement solutions. Among other things, Redflex operated photo enforcement systems in numerous cities in the United States and Canada, including in several cities in the State of Ohio.

2. From approximately 2001 until late 2005, Executive A was the Chief Executive Officer of Redflex.

3. From approximately 2001 until late 2005, defendant Karen Finley was the Vice President of Operations of Redflex. From late 2005 through February 2013, Finley was the Chief Executive Officer of Redflex.

4. From approximately 2002 through February 2013, Aaron M. Rosenberg was Vice President of Sales and Marketing and, subsequently, Executive Vice President of Sales and

Business Development for Redflex.

5. John Raphael was a paid consultant and lobbyist based in Columbus, Ohio. From in or about 2005 through in or about 2012, Finley, Rosenberg, and others at Redflex, and continuing into early 2013 as to Finley and Rosenberg, worked with Raphael in connection with business that Redflex was seeking to obtain and retain with municipalities in Ohio, including Columbus and Cincinnati.

6. DOJ's investigation established that, between in or about 2005 and in or about early 2013, elected public officials in the City of Columbus and Cincinnati solicited, received, and attempted to receive campaign contributions from Redflex by soliciting Raphael. Raphael then conveyed these solicitations to Rosenberg and Redflex. Rosenberg then informed Finley regarding these solicitations, at least through 2012.

7. DOJ's investigation established that Finley, Rosenberg, and others agreed to provide campaign contributions to these elected public officials in return for the elected public officials agreeing to take, and actually taking, official acts on behalf of Redflex to obtain and retain municipal contracts.

8. Finley, Rosenberg, and others used Raphael to funnel conduit or pass-through campaign contributions from Redflex to the elected public officials.

9. After Raphael conveyed the campaign contribution requests to Rosenberg and Redflex, Raphael, Rosenberg, and Finley would conceal and disguise the true nature and source of the payments. This was accomplished by Raphael creating false and fraudulent invoices, and Rosenberg and Finley causing them to be paid. Rosenberg, Finley, and others coordinated the payments by Redflex to Raphael. The transmission and/or communication of the payments and fraudulent invoices occurred through the use of the U.S. Mail and interstate wire communications.

10. DOJ's investigation established that, in return for campaign contributions that the elected public officials received and attempted to receive, the elected public officials agreed to perform, attempted to perform, and actually performed official acts that benefitted Finley, Rosenberg, and Redflex, including but not limited to the following acts relating to Redflex: (a) obtaining a photo red light enforcement contract with the City of Columbus in or about 2005; (b) obtaining an extension for the contract in or about 2009; (c) obtaining a modification, extension and expansion of the contract in or about 2010; and (d) attempting to obtain a photo red light enforcement contract with the City of Cincinnati between 2005 and 2008.

11. The acts outlined in paragraphs 11 through 26 are examples of conduct in the scheme executed by Raphael, Rosenberg, Finley, and others relating to Redflex. On or about September 24, 2007, Raphael sent an e-mail to Rosenberg, conveying contribution requests, totaling $30,000, for the campaigns of certain officials in the City of Columbus and the City of Cincinnati. Raphael explained to Rosenberg how certain of the elected officials were each individually "supportive" and "necessary" in Columbus, and that another was "leading the charge in Cincinnati."

12. On or about October 9, 2007, Rosenberg (copying Finley and other employees of Redflex) sent an e-mail to Raphael, expressing concern about the $30,000 amount and asking, "What is the minimum you would recommend, that would still get us recognition and keep you (and us) in good graces?"

13. On or about October 9, 2007, during an internal discussion of the $30,000 amount, Finley sent an e-mail to Rosenberg and another Redflex employee stating, in part: "WOW what a big handout. Is this how our local city handles campaign financing - now I understand the 'order of protection' for our friends."

14. On or about October 12, 2007, Raphael provided an invoice to Redflex for $30,000 for "Consulting Services." The invoice was sent to Finley's attention. With Finley's approval, Redflex paid the invoice on or about the same day. Finley knew at the time of her approval that the payment was not for consulting services rendered by Raphael; instead, Raphael would use the proceeds to make contributions to the campaigns of public officials in the City of Columbus and the City of Cincinnati.

15. DOJ's investigation established that between on or about October 17, 2007, and on or about November 26, 2007, Raphael used $26,000 of these funds to make campaign contributions in Raphael's own name, and to pay others who made campaign contributions in their own names.

16. In or around mid-October 2009, Raphael sent Rosenberg an invoice (dated October 12, 2009) for $5,000. When Raphael had not received the payment by October 21, 2009, Raphael had the following e-mail exchange with Rosenberg:

Raphael:	Need to know if or when the package has been sent. they are all over me. Less than two weeks out. Please advise
Rosenberg:	I am working on it - It is not easy to ask for these out of cycle. I have been obliged historically, but governance is hammering me. Working on it. . . . Please hang in there.
Raphael:	I need a timeline to tell them. Time is running out for them.
Rosenberg:	What is the absolute deadline? This is more critical.
Raphael:	As I told you earlier they are less than two weeks out. Anything after this will be a major problem at this end
Rosenberg:	I will keep trying. It ain't easy, you know I have been back to that well many, many times over the years. . . . I will remain confident.
Raphael:	If you can't get it here this week I will have to take [Redflex] off the list and then I will lose control of any timelines

17. On or about October 22, 2009, Rosenberg forwarded Raphael's request to Finley for

payment. Finley urgently requested a check from Redflex's finance department.

18. On or about October 22, 2009, Redflex paid $5,000 to Raphael, with Rosenberg sending an e-mail to John Raphael stating: "The check is going out in FedEx today. All good?" Raphael sent an e-mail replying, "I'm here w/[elected public official in Columbus]. [Elected public official in Columbus] says THANKS. Will call later[.]"

19. Public records show that on or about October 23, 2009, Raphael made a $5,000 contribution to the Franklin County Democratic Party in his own name.

20. On or about September 21, 2011, Rosenberg received an e-mail from the campaign of an official in the City of Columbus, discussing a possible $20,000 contribution. The e-mail, sent from a campaign representative, references a prior conversation the same date between Rosenberg and the elected public official.

21. On or about October 6, 2011, Raphael provided a $20,000 "Contract Amendment Memorandum of Understanding" to Redflex for a "success fee" concerning an extension of the City of Columbus's photo red light program. On the same date, Raphael also provided a $20,000 invoice to Redflex.

22. Finley subsequently signed the "Memorandum of Understanding" to pay a "success fee" to Raphael. At the time she executed the Memorandum of Understanding, Finley knew the payment to Raphael was not a success fee; instead, Raphael would use the proceeds to make campaign contributions in the City of Columbus.

23. On or about October 14, 2011, Redflex provided Raphael with a $20,000 payment.

24. DOJ's investigation established that on or about October 19, 2011, Raphael deposited the $20,000 check from Redflex.

25. Public records show that on or about October 21, 2011, Raphael contributed $20,000

to the Ohio Democratic Party in his own name.

26. Public records show that on or about November 1, 2011, the Ohio Democratic Party made a $21,000 contribution to the campaign of the elected official that had contacted Rosenberg.

27. Redflex has read this Statement of Facts and has discussed it with counsel. Redflex fully understands the contents of this Statement of Facts and agrees without reserve that it accurately describes the events and the acts leading to this Agreement.

ATTACHMENT C

CORPORATE COMPLIANCE PROGRAM

Redflex Traffic Systems, Inc. ("Redflex") agrees to revise and address any deficiencies in its compliance code, policies, and procedures regarding compliance with applicable anti-bribery/anti-corruption laws. In the past few years, Redflex has initiated substantial additions and changes to its compliance program, policies, and procedures. As necessary and appropriate, Redflex agrees to adopt new, or to modify its existing, compliance code, policies, and procedures in order to ensure that it maintains a rigorous anti-bribery/anticorruption compliance code, and policies and procedures designed to detect and deter violations of anti-bribery/anti-corruption laws. At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of Redflex's existing compliance code, policies, and procedures.

High-Level Commitment

l. Redflex will ensure that its executives, directors, and senior management provide strong, explicit, and visible support and commitment to its corporate policy against violations of the anti-bribery/anti-corruption laws and its compliance code.

Policies and Procedures

2. Redflex will develop, memorialize, and promulgate a clearly articulated and visible global corporate policy against violations of all anti-bribery/anti-corruption laws.

3. Redflex will develop and promulgate compliance policies and procedures designed to reduce the prospect of violations of the anti-bribery/anti-corruption laws and Redflex's compliance code, and Redflex will take appropriate measures to encourage and support compliance by personnel at all levels and locations of Redflex. These anti-bribery/anti-corruption policies and

procedures shall apply to all executives, directors, officers, and employees regardless of location and, when necessary and appropriate, outside parties acting on behalf of Redflex, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, "agents and business partners"). Redflex shall notify all employees that compliance with the policies and procedures is the duty of individuals at all levels of Redflex. Such policies and procedures shall address:

a. gifts;

b. hospitality, entertainment, and expenses;

c. customer travel;

d. political contributions;

e. charitable donations and sponsorships;

f. facilitation payments; and

g. solicitation and extortion.

Periodic Risk-Based Review

4. Redflex shall review its anti-bribery/anti-corruption compliance policies and procedures no less than annually and update them as appropriate to ensure their continued effectiveness, taking into account relevant developments in the field and evolving international and industry standards.

Proper Oversight and Independence

5. Responsibility for the implementation and oversight of Redflex's anti-bribery/anti-corruption compliance code, policies, and procedures will to continue to be the responsibility of Redflex's Director of Compliance, who shall continue to have direct reporting obligations to

independent monitoring bodies, including the Risk and Compliance Committee of RHL's Board of Directors, or any appropriate committee of the Board of Directors, and who shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

Training and Guidance

6. Redflex will implement mechanisms designed to ensure that its anti-bribery/anticorruption compliance code, policies, and procedures are effectively communicated to all executives, directors, officers, employees, and, when necessary and appropriate, agents and business partners. These mechanisms shall include periodic training for the following employees: (a) all executives, directors, and officers; (b) all employees in positions of leadership or trust; (c) all employees in positions that require such training, such as corporate, community, government affairs, internal audit, sales, legal, compliance, and finance; (d) employees of agents and business partners in the above positions, when necessary and appropriate. Redflex will also require that all people in the above-described categories annually certify that they have received the necessary training and have complied with the law and Redflex's anti-bribery/anti-corruption compliance code, policies, and procedures.

7. Redflex will maintain, or when necessary establish, an effective compliance program for providing guidance and advice to executives, directors, officers, employees, and, when necessary and appropriate, agents and business partners, regardless of their location, on complying with Redflex's anti-bribery/anti-corruption compliance code, policies, and procedures.

Internal Reporting and Investigation

8. Redflex will maintain, or when necessary establish, an effective system for internal reporting and, when possible, confidential reporting by, executives, directors, officers, employees, and, when appropriate, agents and business partners, regardless of their location, concerning violations of the anti-bribery/anti-corruption laws or Redflex's anti-bribery/anti-corruption compliance code, policies, and procedures. Redflex will maintain, or when necessary establish, mechanisms to prevent any personnel action from being taken against any individual making such a report.

9. Redflex will maintain, or when necessary establish, an effective and reliable process with sufficient resources for responding to, investigating, and documenting allegations of violations of the anti-bribery/anti-corruption laws or Redflex's anti-bribery/anti-corruption compliance code, policies, and procedures.

Enforcement and Discipline

10. Redflex will implement mechanisms designed to effectively enforce its compliance code, policies, and procedures, including appropriately incentivizing compliance and disciplining violations.

11. Redflex will institute appropriate disciplinary procedures to address, among other things, any violations of the anti-bribery/anti-corruption laws and Redflex's anti-bribery/anticorruption compliance code, policies, and procedures that may be committed by Redflex's executives, directors, officers, and employees. Such procedures should be applied consistently and fairly, regardless of the position held by, or perceived importance of, the executive, director, officer, or employee. Redflex shall implement procedures to ensure that, if such misconduct occurs and is discovered, reasonable steps are taken to remedy the harm resulting from

such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing its compliance code, policies, and procedures and making modifications necessary to ensure that the overall anti-bribery/anti-corruption compliance program is effective.

Third-Party Relationships

12. Redflex will institute risk-based due diligence and compliance requirements pertaining to the retention and oversight of agents and business partners, including:

a. conducting properly documented due diligence pertaining to the hiring, and appropriate and regular oversight of, agents and business partners;

b. informing agents and business partners of Redflex's commitment to abiding by anti-bribery/anti-corruption laws, and of Redflex's anti-bribery/anti-corruption compliance code, policies, and procedures; and

c. seeking a reciprocal commitment from agents and business partners.

13. When necessary and appropriate, Redflex will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) representations and undertakings relating to compliance with the anti-bribery/anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of the anti-bribery/anti-corruption laws, Redflex's compliance code, policies, or procedures, or the representations and undertakings related to such matters.

Mergers and Acquisitions

14. Redflex will develop and implement policies and procedures for mergers and acquisitions requiring that Redflex conduct appropriate risk-based due diligence on potential new business entities, including appropriate anti-bribery/anti-corruption due diligence by legal, accounting, and compliance personnel. If Redflex discovers any corrupt benefits of any kind or inadequate compliance processes as part of its due diligence of newly acquired entities or entities merged with Redflex, it shall report such conduct to the United States Attorney's Office for the Northern District of Illinois, the United States Attorney's Office for the Southern District of Ohio, or the Public Integrity Section, Criminal Division, United States Department of Justice.

15. Redflex will ensure that Redflex's compliance code, policies, and procedures regarding the anti-bribery/anti-corruption laws apply as quickly as practicable to newly acquired businesses or entities merged with Redflex and will promptly train the executives, directors, officers, employees, agents, and business partners consistent with Paragraph 6.

Monitoring and Testing

16. Redflex will conduct periodic reviews and testing of its anti-bribery/anti-corruption compliance code, policies, and procedures designed to evaluate and improve their effectiveness.

ATTACHMENT D

REPORTING REQUIREMENTS

Redflex Traffic Systems, Inc. ("Redflex") agrees that, at no less than six-month intervals during the term of this Agreement, it will report to the United States Attorney's Office for the Northern District of Illinois, the United States Attorney's Office for the Southern District of Ohio, and the Public Integrity Section, Criminal Division, United States Department of Justice (collectively, "DOJ") regarding remediation and implementation of the compliance program, policies, and procedures described in Attachment C.

Should Redflex discover credible evidence that questionable or corrupt benefits of any kind, or questionable or corrupt transfers of property, interests, or other benefits, may have been offered, promised, paid, or authorized by any Redflex entity or person, or any entity or person working directly for Redflex (including its affiliates and any agent), or that related false books and records have been maintained, Redflex shall promptly report such conduct to DOJ.

During the term of this Agreement, Redflex shall conduct and prepare at least four follow-up reviews/reports, as described below:

1. By no later than six months from the date this Agreement is executed, Redflex shall submit to DOJ a written report setting forth a complete description of its remediation efforts to date, its proposals reasonably designed to improve Redflex's policies and procedures for ensuring compliance with anti-corruption laws, and the proposed scope of the subsequent review. Redflex may extend the time period for issuance of this report with prior written approval of DOJ.

2. Redflex shall undertake three follow-up reviews/reports, each six months apart, the last being a final report, and each incorporating DOJ's views on Redflex's prior review(s) and

report(s), to further monitor and assess whether Redflex's policies and procedures are reasonably designed to detect and prevent violations of anti-bribery/anti-corruption laws.

3. The reports will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the reports could discourage cooperation, impede pending or potential government investigations, and thus, undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed by the parties in writing, or except to the extent that DOJ determines in its sole discretion that disclosure would be in furtherance of DOJ's discharge of its duties and responsibilities or is otherwise required by law.

4. Redflex may extend the time period for submission of the follow-up reports with prior written approval of DOJ.