

ASX ANNOUNCEMENT

24 September 2015

REDFLEX HOLDINGS LIMITED ABN 96 069 306 216

Re-appointment of Paul Clark as Group Chief Executive Officer

The Company is pleased to announce the re-appointment of Mr Paul Clark as Group Chief Executive Officer of the Company.

Mr Clark has extensive experience at both a board and executive level in financial restructuring, process improvement, risk management, cost reduction, sales and business development and new product development. He has led large teams through significant cultural, structural and strategic change.

Mr Clark has served on a number of subsidiary company boards and executive committees of ASX, FTSE and NYSE listed companies and is currently Chairman of Melbourne Water, and an advisory board member of Salta Properties, one of Australia's largest privately owned property companies. Mr Clark previously held senior executive positions at PricewaterhouseCoopers (PwC), Ernst & Young, National Australia Bank, Bank West and Bank of New Zealand.

Mr Clark has a Bachelor of Business (Accounting) from the Royal Melbourne Institute of Technology, an Executive MBA from the Australian Graduate School of Management (University of Sydney) and is a Graduate of the INSEAD AVIRA program. He is a fellow of the Institute of Chartered Accountants in Australia and a senior fellow of the Financial Services Institute of Australia. Mr Clark is also a Graduate of the Australian Institute of Company Directors.

A summary of the material terms of Mr Clark's employment agreement is set out in the Annexure to this ASX 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 one of the largest networks 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:

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Annexure

Position

Mr Clark is employed in the position of Group Chief Executive Officer at Redflex Holdings Limited (**Company**).

Term

The term of Mr Clark's employment contract is not fixed. The Company may terminate Mr Clark's employment on six months' notice or, subject to applicable laws, by making a payment in lieu of notice equivalent to six months of his base pay. Summary termination of Mr Clark's employment is permitted for various reasons including gross misconduct.

Mr Clark may terminate his employment by giving six months' prior notice to the Company.

Remuneration

Mr Clark is entitled to be paid an annual gross salary of AUD\$400,000, plus statutory superannuation. The Board may increase his salary at its discretion. Mr Clark is also entitled to reimbursement of all business expenses directly related to the business of the Company or the Redflex Group.

Mr Clark is entitled, at the invitation of the Board, to participate in the Company's incentive arrangements.

In relation to the 2016 financial year, subject to agreed performance conditions being achieved, Mr Clark will be entitled to receive a Long Term Incentive (**LTI**) payment of between AUD\$120,000 and AUD\$420,000 in cash. The performance conditions relate to exceeding targeted EBITDARD¹ for the 2016 financial year by certain prescribed amounts and continuity of employment. However, if approved by the Company's shareholders at the 2015 Annual General Meeting, Mr Clark and the Company have agreed that rather than paying any LTI to him in cash, Mr Clark will be issued performance rights equal to the value of his LTI entitlement based on the average of the 90-Day VWAP (volume weighted average market price), 180-Day VWAP and the 360-Day VWAP of the Company's shares as at 1 October 2015 (**VWAP Calculation**), subject to a maximum of 1,200,000 performance rights.

Each performance right would entitle Mr Clark to be issued one fully paid ordinary share in the Company for no monetary consideration and any shares issued to Mr Clark would be subject to a 12 month holding lock imposed by the Company.

If Mr Clark satisfies the relevant performance conditions and becomes eligible for a LTI, that number of performance rights equal in value to the cash value of the LTI (based on the VWAP Calculation) would be retained by Mr Clark and any remaining performance rights would immediately lapse. The performance rights retained by Mr Clark would then vest as to 25% on 1 October 2016, as to a further 25% on 1 October 2017 and as to the last 50% on 1 October 2018, subject to Mr Clark being employed by the Company at the relevant date.

If the grant of performance rights to Mr Clark on the above basis is not approved by shareholders of the Company at the 2015 Annual General Meeting, any LTI to which Mr Clark is entitled in respect of the 2016 financial year will be paid to him in cash as follows: (i) 25% on 1 November 2016; (ii) a further 25% on 1 November 2017; and (iii) the remaining 50% on 1 November 2018 provided that he is employed by the Company on each of these dates.

¹ **Targeted EBITDARD** is EBITDA as shown in the Company's audited accounts less capitalised development costs.