



8 September 2009

Dear Shareholder,

Re: Meeting to change Traffic Technologies' Directors to re-start the Company

TTI shareholders to get priority allocations in upcoming The Traffic Group Ltd float

You have the opportunity to re-invigorate Traffic Technologies Limited (ASX:TTI) by changing the Board. A group of major shareholders have initiated a vote to replace three of the five Directors of your Company. I urge you to read this short letter, attend one of our information sessions and vote in favour of the desperately needed change.

Disastrous 2 years

Unfortunately the current board of Traffic Technologies has presided over a disastrous two year period where we have seen the business units deteriorate, debt increase, corporate costs blow out, the share price plunge and the Company virtually at the mercy of its bankers.

The current Board and Management's much heralded profit improvement program (PIP) stages 1 and 2 have been unsuccessful with continuing losses and high corporate costs.

Chairman Ray Horsburgh stated at the November 2008 AGM that the company was on track to achieve \$5M EBITDA in the first half of 2009 (actual results \$1.3M) and \$10M EBITDA for the full year of 2009 (actual results \$3.2M). These forecasts have been unreliable.

Very recently Andrew Bull has resigned. Andrew has been the General Manager of the highly profitable Aldridge Traffic Signals business for over 25 years. We fear that this profitable division may also suffer rapid deterioration similar to the other divisions.

The current Board and Senior Management must take a large part of the responsibility for:

- Share price drop from a high of 53.5 cents (May 07) to recent low of 2.1 cents (June 09)
- Senior debt increased to + \$44M June 09
- Traffic Management Division EBITDA drop from \$5.4M (07) to 2.9M (09) down 46%
- Traffic Signage Division EBITDA drop from \$2.0M (07) to \$0.7M (09) down 65%
- Traffic Signal Division EBITDA drop from \$6.2M (07) to \$5.6M (09) down 10%
- Corporate and non recurring costs increased from \$4.4M to \$6.0M up 36%
- Failed attempt of selling assets incurring over \$700,000 in costs
- Numerous Senior and Middle Management resignations including General Managers of all divisions
- Heightened risk of insolvency
- Loss of Sensys speed camera distributorship
- Loss of BG800 Barrier Guard distributorship
- Loss of DTEI South Australia public transport contract
- Loss of Brisbane City Council traffic management contract

On top of this, existing shareholders were recently heavily diluted with a placement of 18,838,717 new shares at 3.5 cents each. This was about a 40% discount to the five day weighted trading average. We believe the primary motivation behind the placement was entrench the incumbent Board and prevent their removal at the upcoming General Meeting.

Traffic Technologies needs an overhaul. We are offering a credible business plan to restore the company to its previous strength.

The Future

The proposed new directors comprise former founder and joint Managing Director of Traffic Technologies Con Scrinis, experienced company director Ken Baxter and company turnaround specialist Andrew Harris.

Con was the key driver behind the formation and growth of TTI. Con executed the company's initial acquisition of the traffic management business TSA in August 2004 and managed the successful ASX listing in 2005. Over the ensuing three years Con completed 15 further acquisitions creating a business with revenues of over \$100M per annum and becoming the leader in its field. Con resigned from Traffic Technologies in August 2007 due to ongoing issues and compatibility of the joint managing directors. Con knows the business and people better than anyone and is best placed to restructure and restore the company to the position it once held.

The new Directors have the experience and resources to:

- Raise capital to restore the balance sheet
- Restore Traffic Management Division to historical margins
- Overhaul and restructure Sign Division back to profitability
- Reduce excessive corporate costs
- Continue growth of all business units
- Add value and recreate shareholder wealth

What shareholders should do:

- Vote to change directors
- Come to the following information session

Melbourne

5-6pm Thursday 1 October 2009
The Precinct Hotel
60 Swan Street, Richmond, VIC

Sydney

5-6pm 29 September 2009
Woolloomooloo Bay Hotel
2 Bourke St, Woolloomooloo, NSW

Brisbane

5-6pm 30 September 2009
Port Office Hotel (Liber Lounge)
Cnr Margaret/Edward St, Brisbane,
QLD

Existing Directors of Traffic Technologies have been invited to present their case at these sessions.

In order to keep you informed we have established a TTI shareholder link at www.thetrafficgroup.com.au.

Priority allocations for you for new ASX listing of The Traffic Group Limited

The information session above will also provide information about priority allocations for existing TTI shareholders in the upcoming new ASX listing of The Traffic Group (TTG).

Refreshments will be served. Please RSVP steph@thetrafficgroup.com.au or 03 9429 2888.

Yours faithfully



Con Scrinis
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