

Carsales.com Limited

ABN 91-074-444-018

Registered Office: Level 1, 109 Burwood Road, Hawthorn, Victoria, 3122

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Shareholders of carsales.com Limited will be held in Victoria on Tuesday 26 October, 2010, in the Yarra Room, Podium Level, The Langham Melbourne at One Southgate Avenue, Southbank, Melbourne, at 1:00 p.m. (Melbourne time).

Ordinary Business

Please note that the default option for receiving your Annual Report is now online. To access your online Annual Report please visit <http://shareholders.carsales.com.au> and click on 'Financial Reports' on the left hand side of the screen. You have the option of receiving, free of charge, a printed copy of the Annual Report. Please contact Computershare on 1300 651 575 (or outside Australia +613 9415 4694) or logon to www.investorcentre.com, click on 'Update My Details' then 'Communication Options' and complete your details to receive a printed copy of the Annual Report.

Financial Report and Directors' and Audit Reports

1. To receive, consider and adopt the Financial Report, including the directors' declaration, the related directors' report and audit report of the Company for the year ended 30 June 2010 (contained in the 2010 Annual Report).

Remuneration Report

To receive, consider and adopt the Remuneration Report of the Company for the year ended 30 June 2010 (contained in the 2010 Annual Report) by passing the following resolution:-

2. *"That the Remuneration Report that forms part of the directors' report of the Company for the financial year ended 30 June 2010 be adopted."*

Election and re-election of Directors

To consider and if thought fit, pass each of the following resolutions:-

3. *"That Mr Adrian MacKenzie, being a Director of the Company who retires by rotation, and being eligible under the Company's constitution, is re-elected as a Director of the Company."*
4. *"That Ms Kim Anderson, having been appointed by the Directors as a Director of the Company on 16 June 2010, and being eligible under the Company's constitution, is approved as a Director of the Company."*
5. *"That Mr Graham Brooke, having been appointed by the Directors as a Director of the Company on 16 June 2010, and being eligible under the Company's Constitution, is approved as a Director of the Company."*

Special Business

Amendment to Constitution: Payment of Dividends

To consider and if thought fit, pass the following resolution as a special resolution:-

6. *"That the Constitution of the Company be amended as follows –*

- (a) in Article 27.1, by inserting the words "or out of other amounts available for distribution to Members as permitted by law" in the second line after the words "out of the profits of the Company" and by inserting the words "or out of other amounts available for distribution to Members" in the fourth line after the words "profits of the Company";*
- (b) by deleting the heading to Article 27.3 and substituting "Amounts may be carried forward without going to reserve";*
- (c) by deleting Article 27.3 and substituting:*

"The Directors may carry forward such amounts as the Directors consider ought not to be distributed as dividends without transferring those amounts to a reserve fund.";
- (d) by deleting the words "of profits" from the heading to Article 28.1;*
- (e) in Article 28.1(a), by inserting the words "or other amounts available for distribution to Members" after the words "the profits of the Company";*
- (f) by deleting the words "of profits" from Article 28.1(c);*
- (g) by deleting the words "out of profits" from Article 28.2(a);*
- (h) by deleting the heading to Article 29.1 and substituting "Capitalisation of amounts available for distribution" and amending the first paragraph to read "The Directors, or any general meeting on the recommendation of Directors, may resolve that any money, investments, assets or profits of the Company:".*

Grant of Share Options to Managing Director

To consider and if thought fit, pass the following resolution:-

- 7. *"That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, approval be and is hereby given, to the grant of 500,000 options over shares in the Company to Mr Greg Roebuck, exercisable at \$4.90 each, in accordance with the terms of the Company's Share Option Plan and the Company's long term incentive arrangements as set out in the Explanatory Memorandum below".*

Other business

To deal with any other business which may be brought forward in accordance with the Company's Constitution and the Corporations Law.

During the Annual General Meeting, a presentation covering the status of the Company will be made by Greg Roebuck (Managing Director). Shareholders will be able to put questions to the Directors. Tea and coffee will be served from 12:30 p.m. (Melbourne time).

By Order of the Board.

Margaret Beattie
Company Secretary
21st September 2010

VOTING EXCLUSION STATEMENT:

1. In accordance with the ASX Listing Rules the Company will, except as provided in paragraph 2 below, disregard any votes cast on **Resolution 7**, by the Managing Director, Mr Greg Roebuck, or any associate of Mr Greg Roebuck.
2. The Company will not disregard a vote if it is cast:
 - (a) by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
 - (b) by the Chairman of the Annual General Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

REQUIRED VOTING MAJORITY:

Items 2 to 5 (inclusive) and 7

In accordance with section 249HA of the Corporations Act for each of these resolutions to be effective -

- not less than 28 days written notice specifying the intention to propose the resolutions has been given; and
- each resolution must be passed by more than 50% of all the votes cast by Shareholders entitled to vote on the resolutions (whether in person or by proxy, attorney or representative).

Item 6

In accordance with sections 9 and 249HA of the Corporations Act for this special resolution to be effective -

- not less than 28 days written notice specifying the intention to propose the resolution as a special resolution has been given ; and
- the special resolution must be passed by at least 75% of all the votes cast by Shareholders entitled to vote on the special resolution (whether in person or by proxy, attorney or representative).

On a show of hands, every Shareholder has one vote and, on a poll, every Shareholder has one vote for each Ordinary Share held.

NOTES:

Proxies

1. Pursuant to regulation 7.11.37 of the *Corporations Regulations 2001*, the Company has determined that the shareholding of each Shareholder for the purposes of ascertaining the voting entitlements for the Annual General Meeting will be as it appears in the share register at 7:00pm (Melbourne time) on Sunday, 24 October 2010 ("**Effective Time**").
2. All Shareholders at the Effective Time are entitled to attend and vote at the Annual General Meeting and may appoint a person as the Shareholder's proxy to attend and vote for the Shareholder at the Annual General Meeting.
3. A Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the Shareholder appoints two proxies and the appointment does not specify the proportion or number of the Shareholder's votes each proxy may exercise, each proxy may exercise one half of the Shareholder's votes. If the Shareholder appoints two proxies, neither may vote on a show of hands if both proxies are present at the Annual General Meeting.
4. A proxy need not be a Shareholder of the Company.

5. The proxy form must be signed by the Shareholder or the Shareholder's attorney. Proxies given by corporations must be executed in accordance with the *Corporations Act 2001*.
6. Proxies and powers of attorneys granted by Shareholders must be received by the Company by no later than 1:00pm (Melbourne time) on Sunday, 24 October 2010. To be valid, a duly completed proxy form and the power of attorney or other authority (if any) under which it is signed (or an attested copy of it) must be:
 - (a) given electronically, by visiting www.investorvote.com.au and following the instructions provided but a proxy cannot be appointed online if appointed under power of attorney or similar authority; **or**
 - (b) deposited with the Share Registry of the Company, Computershare Investor Services PO Box 242 Melbourne, VIC 3001 (reply paid envelope enclosed); **or**
 - (c) successfully transmitted by facsimile to 1800 783 447 (within Australia), (61 3) 9473 2555 (outside Australia); **or**
 - (d) deposited at the registered office of carsales.com Limited at Level 1, 109 Burwood Road, Hawthorn, Vic, 3122; or
 - (e) relevant custodians may lodge their proxy form online by visiting www.intermediaryonline.com
7. If a Shareholder has any specific questions in relation to the above, please contact the Shareholder Information Line on 1300 651 575 or from overseas (61 3) 9415 4694 not later than 48 hours before the holding of the Annual General Meeting or any adjournment of that Annual General Meeting.

Explanatory Memorandum

This Explanatory Memorandum contains information relevant to the business referred to in the Notice of AGM of carsales.com Ltd ABN 91-074-444-018 (hereafter the “**Company**”). The Directors recommend that you read this document prior to the Annual General Meeting.

All capitalised terms used in this Explanatory Memorandum have the meanings set out in the Glossary of Terms located at the end of this document.

Further details relating to each of the resolutions is set out below.

Item 1 Financial Report and Directors’ and Audit Reports

The *Corporations Act 2001* (Cth) requires the Financial Report, Directors’ Report and Auditor’s Report of the Company for the most recent financial year to be laid before the Annual General Meeting. While this item of business does not require a formal resolution to be put to Shareholders, the Chairperson will give Shareholders a reasonable opportunity to ask questions and make comments on these reports and on the business, operations and management of the Company.

In accordance with the Corporations Act, the Chairman will also give Shareholders the opportunity to ask the Auditor questions relevant to the Auditor’s Report or conduct of the audit. If a Shareholder wishes to put written questions to the Auditor, a Shareholder is entitled to submit questions relevant to the content of the Auditor’s Report or the conduct of the audit, in writing, to the Company, up to five business days prior to the Annual General Meeting. The Company will pass the questions on to the Auditor prior to the Annual General Meeting. The Auditor may, but is not obligated to, answer any written or oral questions that are put to it by Shareholders.

A copy of the Financial Report, Directors’ Report and Auditor’s Report is available on the Company’s website, <http://shareholders.carsales.com.au> by clicking “Financial Reports” on the left hand side of the screen. You have the option of receiving, free of charge, a printed copy of these reports. Please contact Computershare on 1300 651 575 (or from overseas +613 9415 4694) if you wish to receive a printed copy of these reports.

Item 2 Remuneration Report

The Remuneration Report (which forms part of the Director’s Report in the 2010 Annual Report) contains information in relation to a number of issues relating to remuneration policy and its relationship to the Company’s performance. As required pursuant to the *Corporations Act*, a resolution will be put to Shareholders to adopt the Remuneration Report. Shareholders should be aware that the vote on this resolution is advisory only and is not binding on the Board.

Item 3 Re-election of Director: Mr Adrian MacKenzie

In accordance with the Company’s constitution and ASX Listing Rules 14.4 and 14.5, Mr Adrian MacKenzie’s position as Director requires confirmation. Accordingly, Mr MacKenzie retires by rotation and being eligible, offers himself for re-election.

Mr MacKenzie is the Partner in Charge of CVC, responsible for Asia Pacific, Australia and New Zealand. Prior to joining CVC Adrian was with J Henry Schroder Wagg & Co Ltd (London and New York). Adrian holds a Degree in Technology and Business Studies from the University of Strathclyde (Scotland).

The Directors, other than Mr MacKenzie, recommend that Shareholders vote in favour of resolution 3. Mr MacKenzie makes no recommendation in relation to resolution 3.

Item 4 Approval of New Director: Ms Kim Anderson

Ms Kim Anderson's position as Director requires Shareholder approval, having been appointed by the Directors on 16th June 2010. Accordingly, Ms Anderson retires and being eligible, offers herself for re-election.

Ms Anderson is the Chief Executive Officer of The Reading Room (www.thereadingroom.com), a community/social networking site for readers and is a Fellow of the Sydney University Senate and former Director of The Sax Institute. Kim has more than 25 years experience in various advertising and media executive positions within companies such as Southern Star Entertainment, PBL and NineMSN.

The Directors, other than Ms Anderson, recommend that Shareholders vote in favour of resolution 4. Ms Anderson makes no recommendation in relation to resolution 4.

Item 5 Approval of New Director: Mr Graham Brooke

Mr Graham Brooke's position as Director requires Shareholder approval, having been appointed by the Directors on 16th June 2010. Accordingly, Mr Brooke retires and being eligible, offers himself for re-election.

Mr Brooke is a Managing Director of CVC Australia. He joined CVC in 1999 from Arthur Anderson Corporate Finance where he advised on private equity and corporate acquisitions and divestments. Graham is a member of the Institute of Chartered Accountants in England and Wales and holds a degree in Classics from Oxford University.

The Directors, other than Mr Brooke, recommend that Shareholders vote in favour of resolution 5. Mr Brooke makes no recommendation in relation to resolution 5.

Item 6 Amendment to Constitution: Payment of Dividends

The *Corporations Amendment (Corporate Reporting Reform) Act 2010* (Cth) made an amendment to the Corporations Act on 28 June 2010 by replacing the requirement that dividends be paid out of company profits (commonly known as the "profit test") with three new solvency based tests which must be satisfied. Changes are required to the Company's Constitution which currently limits the payment of dividends to 'profits' available for distribution by way of a dividend to enable the Company to take advantage of the flexibility to pay future dividends out of amounts other than profits under the new solvency based regime.

The Directors recommend that Shareholders vote in favour of resolution 6.

Item 7 Grant of Share Options to Managing Director

Resolution 7 set out in the Notice of AGM seeks Shareholder approval for the grant of 500,000 Options over 500,000 Shares to Mr Greg Roebuck (being the Managing Director and Chief Executive Officer of the Company) for the purpose of ASX Listing Rule 10.14. Mr Roebuck is the only Director entitled to participate in the Option Plan.

There are currently 232,490,800 Shares on issue and the Options proposed to be granted to Mr Roebuck represent 0.22% of the current issued Shares.

Mr Roebuck currently holds 1,300,000 Options and directly and indirectly, through entities associated with him, holds 7,274,055 Shares. At the date of the Notice of AGM, Mr Roebuck has a relevant interest in 3.1% of the total voting rights of the Company.

The Board believes the grant of the Options to Mr Roebuck is consistent with the Company's remuneration policies and objectives, reflects good market practice in remuneration and effectively aligns the interests of Mr Roebuck with those of the Company and its Shareholders.

The key terms of the Options are summarised as follows:

- The Options will be issued to Mr Roebuck for no cash consideration as soon as possible after the Annual General Meeting (but no later than 12 months after the Annual General Meeting) if Shareholders approve this resolution.
- The vesting of the 500,000 Options is subject to the achievement of an earnings per share (EPS) target during the relevant period.
- EPS will be calculated by dividing the net profit after tax attributable to equity holders of the Company during the relevant period by the weighted average number of Ordinary Shares outstanding during the relevant period.
- Minimum and maximum EPS targets for the Options have been set for each of the 3 years of the vesting period. The target for the third year, namely the period ending 30 June 2013, has been set at a minimum aggregate growth rate over the three year period of 31.4% and a maximum aggregate growth rate over the three year period of 37.0%.
- Options will not be capable of exercise if at the relevant testing date (referred to below) the minimum targeted aggregate growth rate has not been achieved.
- Options will be capable of exercise in tranches if at the relevant testing date the EPS target for the relevant period has been achieved or exceeded as follows:
 - If the EPS achieved is equal to the minimum target, 50% of the vested options will be capable of exercise
 - If the EPS achieved is equal to or exceeds the maximum target, 100% of the vested options will be capable of exercise
 - If the EPS achieved is between the minimum and maximum targets, vested options will be capable of exercise on a pro-rata basis between 50% and 100%.
- The performance conditions applying to the Options will be tested only once in each relevant period. Where the EPS test in each period does not meet the relevant performance conditions, the attributable options will lapse.
- The exercise price of each vested option is \$4.90 being the volume weighted average price of the Company's Shares for the 21 days prior to the 1st of July 2010.
- Subject to the performance conditions being satisfied, Options may, unless otherwise waived by the Board, be exercised as follows:
 - 25% with a testing date 30 June 2011, exercisable after the Board releases the 2011 Annual Report to the ASX
 - 25% with a testing date 30 June 2012, exercisable after the Board releases the 2012 Annual Report to the ASX
 - 50% with a testing date 30 June 2013, exercisable after the Board releases the 2013 Annual Report to the ASX.
- Options will automatically lapse if:
 - Mr Roebuck ceases to be employed by the Company
 - Options remain unexercised after five years from the grant date.
- If there is a reorganisation of the Company's capital, the Option terms will be adjusted, pursuant to the ASX Listing Rules, to the extent necessary to reflect the effects of the reorganisation.

The Directors, other than Mr Roebuck, recommend that Shareholders vote in favour of resolution 7.

Inspection of Documents

A copy of the Company's existing constitution and the Option Plan will be made available to Shareholders free of charge or can be inspected at the registered office of the Company at Level 1, 109 Burwood Road,

Hawthorn, 3122, Victoria during normal business hours prior to the Annual General Meeting and a copy will also be available for inspection at the Annual General Meeting.

Glossary of Terms

Annual General Meeting	means the Annual General Meeting of the Company to be held at 1.00p.m. (Melbourne time), Tuesday 26 October, 2010.
Auditor	means PricewaterhouseCoopers.
Auditor's Report	means the report of the Auditor regarding its audit of the Company which accompanies the Financial Report.
Board	means the board of Directors of the Company.
Chairman	means the individual acting as chairman of the AGM.
Company	means carsales.com Limited (ACN 074 444 018).
Corporations Act	means the <i>Corporations Act 2001</i> (Cth).
Director	means a director of the Company.
Directors' Report	means the report of the Directors of the Company accompanying the Notice of AGM.
Explanatory Memorandum	means this memorandum which provides details of the business to be heard at the Annual General Meeting.
Financial Report	means the annual financial report of the Company for the year ending on 30 June 2010.
Notice of AGM	means the notice of the Annual General Meeting of the Company accompanying this Explanatory Memorandum (and the term "Notice" has the same meaning).
Option Plan	means the option plan of the Company.
Option	means an option to acquire a Share under the terms of the Option Plan.
Remuneration Report	means the remuneration report of the Company that forms part of the Directors' Report accompanying the Notice of AGM.
Shareholder	means a holder of one or more Shares.
Shares	means fully paid ordinary shares in the capital of the Company.

Lodge your vote:



Online:

www.investorvote.com.au



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(within Australia) 1300 651 575
(outside Australia) +61 3 9415 4694

000001 000 CRZ
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form



Vote online or view the annual report, 24 hours a day, 7 days a week:

www.investorvote.com.au

Cast your proxy vote



Access the annual report



Review and update your securityholding

Your secure access information is:**Control Number: 999999****SRN/HIN: 1999999999****PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



For your vote to be effective it must be received by 1:00 p.m. (Melbourne time) Sunday, 24 October 2010

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

Proxy Form

Please mark



to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of carsales.com Limited hereby appoint



the Chairman
of the meeting OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of carsales.com Limited to be held in the Yarra Room, Podium Level, The Langham Melbourne at One Southgate Avenue, Southbank, Melbourne on Tuesday, 26 October 2010 at 1:00 p.m. (Melbourne time) and at any adjournment of that meeting.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

ORDINARY BUSINESS

	For	Against	Abstain
2. Remuneration Report	☐	☐	☐
3. Re-elect Mr Adrian MacKenzie as a Director of the Company	☐	☐	☐
4. Elect Ms Kim Anderson as a Director of the Company	☐	☐	☐
5. Elect Mr Graham Brooke as a Director of the Company	☐	☐	☐

SPECIAL BUSINESS

6. Amendment to Constitution: Payment of Dividends	☐	☐	☐
7. Grant of Share Options to Managing Director Mr Greg Roebuck	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date ____/____/____

CRZ

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