

16 December, 2010

The Manager
Company Announcements Office
Australian Securities Exchange
4th Floor, Stock Exchange Centre,
20 Bridge Street
SYDNEY NSW 2000

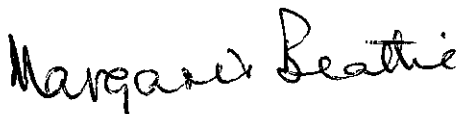
ELECTRONIC LODGEMENT

Dear Sir or Madam,

Securities Trading Policy

I attach a copy of the Securities Trading Policy of carsales.com Limited ("the Company") for the release to the market. The policy was approved by the Board of Directors of the Company at its meeting held on 15 December 2010, and is effective from that date.

Yours sincerely,



Margaret Beattie
General Counsel and Joint Company Secretary

Carsales.com Limited
ACN 074 444 018

Securities Trading Policy



Introduction

- 1.1 The ordinary shares of carsales.com Limited ("**Company**") are listed on the ASX. The Company aims to achieve the highest possible standards of corporate conduct and governance.
- 1.2 The purpose of this Policy is to ensure compliance with the ASX Listing Rules, and to ensure that Key Management Personnel and other employees (and their associates and related parties) are aware of the legal restrictions in dealing in the Company's shares, options or other securities while such a person is in possession of unpublished price sensitive information concerning the Company.
- 1.3 This Policy recognises that it is illegal for a person to deal in the Company's securities when he or she is in possession of unpublished price sensitive information. This is regardless of whether the terms of this Policy have been complied with.
- 1.4 This Policy shall be distributed to all Key Management Personnel and other employees and it is the responsibility of each Director and employee to comply with this Policy. Any non-compliance with this Policy will be considered as serious misconduct.
- 1.5 The trading restrictions set out in this Policy are additional to any provisions governing or restricting the trading of securities set out in any agreement between the Company and a Director or employee or any provisions under an employee incentive scheme of the Company (including the Company's employee option plan). Where the provisions of an agreement between the Company and a Director or employee conflict with the provisions of this Policy, the most restrictive provisions will prevail.
- 1.6 Definitions to assist in the interpretation of this Policy are set out in section 11 of this Policy.

2 Insider Trading

- 2.1 A person engages in insider trading if that person *deals* in *securities* of a relevant entity while possessing information that is:
 - (a) not *generally available*; and
 - (b) that information may have a material effect on the price or value of the relevant entity's securities; and
 - (c) the person knows, or ought reasonably to know, that the information is not generally available and, if it were, it might have a material effect on the price or value of the entity's securities.

Information is considered to be likely to have a *material effect* on the price or value of securities of a company if the information would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, buy or sell those securities. This type of information is commonly referred to as "price sensitive information".

- 2.2 The prohibition against insider trading applies to:
 - (a) direct trading in the Company's securities;
 - (b) procuring another person to trade in the Company's securities; or
 - (c) communicating price sensitive information to another person who is likely to trade in the Company's securities.

- 2.3 Insider trading is a criminal offence, punishable by substantial fines and/or imprisonment. The Company may in certain circumstances also be liable if a Director or employee (or their associates or related parties) engages in insider trading. Insider trading may also attract civil liability, including liability to pay compensation to those who suffer loss or damage as a result of the insider trading.

3 Scope of this Policy

- 3.1 This Policy extends to dealing in the securities of the Company by Key Management Personnel and employees of the Company, any associate or related party of any Key Management Personnel or employee and any company, trust or other entity in which any Key Management Personnel or employee have a relevant interest. Accordingly, references to dealings in securities by a Key Management Person or employee in this Policy apply equally to dealings by any associate or related party of that Key Management Person or employee and any company, trust or other entity in which any Key Management Personnel or employee have a relevant interest. "Associate" and "related party" are, for the purpose of this Policy, defined in section 11 of this Policy.
- 3.2 This Policy does not apply to the following trading:
- (a) transfers of securities of the Company already held into a superannuation fund or other saving scheme in which the Key Management Person or employee is a beneficiary;
 - (b) an investment in, or trading in units of, a fund or other scheme (other than a scheme only investing in the securities of the Company) where the assets of the fund or other scheme are invested at the discretion of a third party;
 - (c) where a Key Management Person or employee is a trustee, trading in the securities of the Company by that trust provided the Key Management Person or employee is not a beneficiary of the trust and any decision to trade during a Prohibited Period is taken by the other trustees or by the investment managers independently of the Key Management Person or employee;
 - (d) undertakings to accept, or the acceptance of, a takeover offer;
 - (e) trading under an offer or invitation made to all or most of the Company's security holders, such as, a rights issue, a security purchase plan, a dividend or distribution reinvestment plan and an equal access buy-back, where the plan that determines the timing and structure of the offer has been approved by the Board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
 - (f) a disposal of securities of the Company that is the result of a secured lender exercising their rights under a loan agreement;
 - (g) the exercise (but not the sale of securities following exercise) of an option or a right under an employee incentive scheme (including the Company's employee option plan), or the conversion of a convertible security, where the final date for the exercise of the option or the right, or the conversion of the security, falls during a Prohibited Period and the Key Management Person or employee could not reasonably have been expected to exercise it at a time when free to do so; and
 - (h) trading under a non-discretionary trading plan of the Company for which prior written clearance has been provided in accordance with procedures set out in the Policy and where:
 - (i) the Key Management Person or employee did not enter into the plan or amend the plan during a Prohibited Period; and

- (ii) the trading plan does not permit the Key Management Person or employee to exercise any influence or discretion over how, when or whether to trade.

4 Periods during which dealings may take place

- 4.1 Subject to complying with the provisions of section 6, dealing by Key Management Personnel or employees in the Company's securities may take place at any time, except during the following periods:
- (a) the period commencing 6 weeks prior to the release of the Company's half year results to the ASX and ending 24 hours after such release; or
 - (b) the period commencing 6 weeks prior to the release of the Company's year end results to the ASX and ending 24 hours after such release; or
 - (c) the period commencing 2 weeks prior to the Company's annual general meeting and ending 24 hours after the annual general meeting,
(collectively, the "**Closed Periods**".)
- 4.2 Notwithstanding the above, no dealing will be permitted at any time if the Key Management Person or employee possesses (or is deemed to possess) any price sensitive information which is not generally available.

5 Discretion to Prohibit Trading

In addition to the Closed Periods, the Board has the discretion to prohibit trading by any Key Management Person or employee during any additional periods, which are imposed by the Board when it is considering matters which are subject to the exceptions to the continuous disclosure requirements set out in Listing Rule 3.1A (together with the Closed Periods, the "**Prohibited Period**").

6 Pre-dealing checklist - trading outside Closed Periods

- 6.1 For all periods during which dealing is permitted, the procedure in section 6.2 must be complied with before any dealing is undertaken.
- 6.2 Is the Key Management Person or employee aware of any information that is not generally available but, if the information was generally available, a reasonable person would expect it to have a material effect on the price or value of securities of the Company?
- (a) NO - the Key Management Person or employee may apply to the Company Secretary, on behalf of the Designated Officer, for permission to deal in the Company's securities.
 - (b) YES - has the information been disclosed to the ASX?
 - (i) YES - the Key Management Person or employee may apply to the Company Secretary, on behalf of the Designated Officer, for permission to deal in the Company's securities.
 - (ii) NO - the Key Management Person or employee may not deal in the Company's securities.

7 Pre-dealing procedure - trading outside Closed Periods

- 7.1 For all periods during which dealing is permitted, Key Management Personnel and employees must apply to the Company Secretary, on behalf of the Designated Officer, to deal in the securities of the Company. The application must be in the form set out in Schedule 1 and submitted to the Company Secretary.
- 7.2 On receipt of an application under section 7.1, the Company Secretary shall procure that the Designated Officer considers the application. No dealing may be undertaken before the Key Management Person or employee receives the written approval of the Company Secretary, signed for and on behalf of the Designated Officer.
- 7.3 The dealing must be completed within 14 days from the date that the Key Management Person or employee receives written approval and, in any event, no dealing may occur within the periods set out in section 4.1 above. Immediately following any dealing by a Key Management Person or employee in the securities of the Company, the Key Management Person or employee must confirm to the Company Secretary in writing that the dealing has been completed.

8 Dealing during Prohibited Periods in Exceptional Circumstances

- 8.1 Key Management Personnel and employees may in exceptional circumstances apply to the Company Secretary, on behalf of the Designated Officer, for approval to trade during a Prohibited Period (an "**Applicant**"), provided that the Applicant is not in possession of inside information. The application must be in the form set out in Schedule 2 and submitted to the Company Secretary.
- 8.2 On receipt of the application under clause 8.1, the Company Secretary shall procure that the Designated Officer consider the application. No dealing may be undertaken before the Applicant receives the written approval of the Company Secretary, signed for and on behalf of the Designated Officer.
- 8.3 The Company Secretary, on behalf of the Designated Officer, may grant the Applicant written permission to deal in securities during the Prohibited Period if the Designated Officer is satisfied that the Applicant's circumstances amount to exceptional circumstances, when taking into account the factors listed at clause 8.4.
- 8.4 The following factors are to be considered by the Designated Officer in determining whether the Applicant is granted permission to trade during a Prohibited Period:
 - (a) whether the Applicant is suffering severe financial hardship;
 - (b) whether the Applicant is bound by a court order, enforceable undertaking or other legal or regulatory requirement to transfer or sell the securities of the Company; and
 - (c) whether the Applicant's circumstances are otherwise exceptional and the proposed dealing is the only reasonable course of action available.
- 8.5 If approval is granted by the Company Secretary, on behalf of the Designated Officer, the Applicant must complete the dealing within 14 days of receiving such written approval, or such earlier time as determined.
- 8.6 Immediately following any dealing by a Key Management Person or employee in the securities of the Company, the Key Management Person or employee must confirm to the Company Secretary in writing that the dealing has been completed.

9 Communication of information to others

A Key Management Person or employee must not, directly or indirectly, communicate information which is not generally available in relation to the Company, to another person if the Key Management Person or employee knows, or ought reasonably to know, that the other person would be likely to deal in the Company's securities.

10 Securities in other companies

Insider trading also applies to dealings in securities of another company if a Key Management Person or employee possesses "insider information" in relation to that other company.

11 Further assistance

Any Key Management Person or employee who is unsure of the nature of the information that they have in their possession and whether they may deal in the Company's should contact the Company Secretary or seek independent legal advice on the matter.

12 Definitions

In this Policy:

"Applicant" means a Key Management Person or employee applying to deal securities during a Prohibited Period in accordance with section 8.1.

"ASX" means ASX Limited.

"associate" includes:

- (a) a related body corporate; and
- (b) a Director or secretary of a related body corporate.

"Board" means the board of directors of the Company.

"Closed Period" has the meaning given to that term in section 4.1.

"dealing" includes:

- (a) any application for acquisition or disposal of any securities;
- (b) entering into an agreement to apply for, acquire or dispose of any securities; and the grant, acceptance, acquisition, disposal, exercise or discharge of any option or other right or obligation to acquire or dispose of securities.

"Designated Officer" means:

- (a) in the case that the Chairman is applying to deal in securities, the Managing Director; or
- (b) in the case of all other Key Management Personnel, the Chairman.

"Director" has the meaning given to that term in section 9 of the *Corporations Act 2001* (Cth).

"generally available" in relation to information, means any such information which:

- (a) is readily observable;
- (b) has been made known in a manner which is likely to bring it to the attention of persons who commonly invest in securities provided that a reasonable period for that information to be disseminated has elapsed since it was made known; or
- (c) consists of deductions, conclusions or inferences made or drawn from information falling under either paragraphs (a) or (b) above.

"Group" means the group of entities that is controlled by the Company.

"Key Management Personnel" (singular use **"Key Management Person"**) has the meaning given to that term in the ASX Listing Rules, being those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise).

"Policy" means this securities trading policy of the Company.

"Prohibited Period" has the meaning given to that term in section 5.

"related party" includes:

- (a) a spouse of de facto spouse;
- (b) a parent, son or daughter or spouse or de facto spouse of that person; and
- (c) an entity which:
 - (i) a person of a kind referred to above has control; or
 - (ii) 2 or more persons together have control.

"securities" includes, without limitation:

- (a) ordinary shares;
- (b) partly paid shares;
- (c) preference shares;
- (d) hybrid securities;
- (e) debentures;
- (f) legal or equitable rights or interests in (a) to (e) above; and
- (g) any derivatives including but not limited to options in respect of any of (a) to (e) above.

13 Further assistance

Any Director or employee who is unsure of the nature of the information that they have in their possession and whether they may deal in the Company's securities, should contact the Chairman, Managing Director or the Company Secretary.

SCHEDULE 1 - FORM OF APPLICATION TO TRADE DURING PERMITTED PERIODS

1 Dealing in securities

- 1.1 Dealing in the securities of the Company may take place at any time except during the following periods:
- (a) the period commencing 6 weeks prior to the release of the Company's half year results to the ASX and ending 24 hours after such release; or
 - (b) the period commencing 6 weeks prior to the release of the Company's year end results to the ASX and ending 24 hours after such release; or
 - (c) the period commencing 2 weeks prior to the Company's annual general meeting and ending 24 hours after the annual general meeting.
- 1.2 In addition, the Board has the discretion to prohibit trading during any additional periods, which are imposed by the Board when it is considering matters which are subject to the exceptions to the continuous disclosure requirements set out in Listing Rule 3.1A.

2 Price sensitive information

No dealing will be permitted even during the periods referred to above if you have knowledge of price sensitive information that is not generally available, but if it was generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities.

3 Approval of Company Secretary

No dealing may be undertaken before you receive the written approval of the Company Secretary, signed for and on behalf of the Designated Officer.

4 Time frame

If your application is approved by the Company Secretary, signed for and on behalf of the Designated Officer, you must buy or sell the securities referred to in this notice within 14 days from the date that this application is granted. If the securities are not bought or sold within 14 days from the date that this application is granted, a new application must be lodged.

Please complete this application and forward it to the Company Secretary.

Name of Applicant:	
Residential Address:	
Office or position in the Company:	
Type of transaction:	Sale / Purchase

Number of securities that are the subject of the proposed transaction:	
Class of securities that are the subject of the proposed transaction:	
Will the transaction take place on a stock exchange:	YES / NO
If the transaction is not to take place on a stock exchange advise details of the transaction:	
Likely date of the transaction:	

I HEREBY ACKNOWLEDGE that:

- 1 I have read the Company's Securities Trading Policy and my decision to sell/purchase securities of the Company has not been made on the basis of information that is not generally available but, if the information was generally available, a reasonable person would not expect it to have a material effect on the price or value of securities of the Company.
- 2 If I am purchasing securities, I do not intend to sell the securities within 6 months of the date of purchase.

I request the Designated Officer to approve the purchase/sale of the above securities.

Signed: _____

Date: _____

Designated Officer Approval (signed by the Company Secretary for and on behalf of the Designated Officer):

I have reviewed the contents of this Application and now I give my consent to the proposed transaction described within this Application.

Signed by the Company Secretary: _____

Date _____

SCHEDULE 2 - FORM OF APPLICATION TO TRADE DURING PROHIBITED PERIODS

1 Trading during prohibited periods in exceptional circumstances

- 1.1 Key Management Personnel and employees may in exceptional circumstances apply to the Company Secretary, on behalf of the Designated Officer, for approval to trade during a period otherwise prohibited by the Company's securities trading policy, provided that they are not in possession of inside information.
- 1.2 The Company Secretary, on behalf of the Designated Officer, must be satisfied that the applicant's circumstances amount to exceptional circumstances, when taking into account the factors listed below.
- 1.3 The following factors are to be considered in determining whether an applicant is granted permission to trade during a Prohibited Period on the basis of exceptional circumstances:
 - (a) whether the applicant is suffering severe financial hardship;
 - (b) whether the applicant is bound by a court order, enforceable undertaking or other legal or regulatory requirement to transfer or sell the securities of the Company; and
 - (c) whether the applicant's circumstances are otherwise exceptional and the proposed dealing is the only reasonable course of action available.

2 Price sensitive information

No dealing will be permitted even during the periods referred to above if you have knowledge of price sensitive information that is not generally available, but if it was generally available, a reasonable person would expect it to have a material effect on the price or value of the Company's securities.

3 Approval of Company Secretary

No dealing may be undertaken before you receive the written approval of the Company Secretary, signed for and on behalf of the Designated Officer.

4 Time frame

If your application is approved by the Company Secretary, signed for and on behalf of the Designated Officer, you must buy or sell the securities referred to in this notice within 14 days from the date that this application is granted. If the securities are not bought or sold within 14 days from the date that this application is granted, a new application must be lodged.

Please complete this application and forward it to the Company Secretary.

Name of Applicant:	
Residential Address:	

Office or position in the Company:	
Type of transaction:	Sale / Purchase
Number of securities that are the subject of the proposed transaction:	
Class of securities that are the subject of the proposed transaction:	
Will the transaction take place on a stock exchange:	YES / NO
If the transaction is not to take place on a stock exchange advise details of the transaction:	
Likely date of the transaction:	
Details of exceptional circumstances pursuant to which I make this application:	

I HEREBY ACKNOWLEDGE that:

- 1 I have read the Company's Securities Trading Policy and my decision to sell/purchase securities of the Company has not been made on the basis of information that is not generally available but, if the information was generally available, a reasonable person would not expect it to have a material effect on the price or value of securities of the Company.
- 2 If I am purchasing securities, I do not intend to sell the securities within 6 months of the date of purchase.

I request the Designated Officer to approve the purchase/sale of the above securities.

Signed: _____

Date: _____

Designated Officer Approval (signed by the Company Secretary for and on behalf of the Designated Officer):

I have reviewed the contents of this Application and now I give my consent to the proposed transaction described within this Application.

Signed by the Company Secretary: _____

Date _____