

carsales.com Limited

ABN 91 074 444 018

Registered Office: Level 4, 449 Punt Road, Richmond, Victoria, 3121

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Shareholders of carsales.com Limited will be held in Victoria on Friday, 23 October 2015, in the La Trobe Ballroom, Level 1, Sofitel Melbourne on Collins at 25 Collins Street, 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 Auditor's Reports

1. To receive, consider and adopt the Financial Report, including the Directors' declaration, the related Directors' Report and Auditor's Report of the Group for the year ended 30 June 2015 (contained in the 2015 Annual Report).

Remuneration Report

To receive, consider and adopt the Remuneration Report for the year ended 30 June 2015 (contained in the 2015 Annual Report) by passing the following resolution:-

2. *"That the Remuneration Report that forms part of the Directors' Report of the Group for the financial year ended 30 June 2015 be adopted."*

Election and re-election of Directors

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

3. *"That Mr Patrick O'Sullivan, 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."*

Special Business

Remuneration of Non-Executive Directors

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

4. *"That the maximum total remuneration to the Non-Executive Directors be increased from \$1,100,000 per annum to an annual amount not exceeding \$1,500,000 per annum (including superannuation contributions) to be divided among the Non-Executive Directors in such proportions and manner as the Directors determine."*

Grant of deferred short term incentive performance rights and long term incentive share options and performance rights to the Managing Director Mr Greg Roebuck

To consider and if thought fit, pass the following resolutions to be voted on separately:-

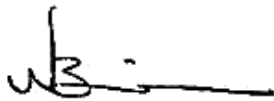
- 5a. *"That, for the purpose of ASX Listing Rule 10.14 and for all other purposes, approval be and is hereby given, to the grant of up to 13,896 Performance Rights over shares in the Company to Mr Greg Roebuck, in accordance with the terms of the Company's Option Plan and as set out in the Explanatory Memorandum below."*
- 5b. *"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 up to 394,925 Options and Performance Rights over shares in the Company to Mr Greg Roebuck, in accordance with the terms of the Company's 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 Act.

During the Annual General Meeting, a presentation covering the status of the Group will be made by Mr 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.



Nicole Birman
Company Secretary
21 September 2015

TERMS:

Capitalised terms used in this Notice of AGM (including those used in the items set out in this Notice of AGM) have, unless otherwise defined, the same meanings as set out in the Explanatory Memorandum.

VOTING EXCLUSION STATEMENT:**1. Resolution 2**

- (a) In accordance with the Corporations Act, a member of the Company's KMP whose remuneration is included in the Remuneration Report, and closely related parties of a KMP, will not be eligible to vote on **Resolution 2**, except as provided in paragraph (b) below.
- (b) A person described in paragraph 1(a) may vote on **Resolution 2** if the vote is not cast on behalf of a person described in that paragraph and the person:
 - (i) votes as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; **or**
 - (ii) is the Chairman of the Annual General Meeting, voting as a proxy for a person who is entitled to vote, and the appointment of the Chairman as proxy:
 - (A) does not specify the way the proxy is to vote on the resolutions; **and**
 - (B) expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the Company's KMP.

2. Resolution 4

- (a) In accordance with the Corporations Act, a member of the Company's KMP and closely related parties of a KMP, will not be eligible to vote on **Resolution 4**, except as provided in paragraph 1(b)(ii) above.
- (b) In accordance with the ASX Listing Rules, the Company will, except as provided in paragraph 4 below, disregard any votes cast on **Resolution 4** by any Director, or an associate of any Director.

3. Resolutions 5a and 5b

In accordance with the ASX Listing Rules the Company will, except as provided in paragraph 4 below, disregard any votes cast on **Resolutions 5a** and **5b**, by the Managing Director, Mr Greg Roebuck, or any associate of Mr Greg Roebuck and any other Director and their respective associates (except if ineligible to participate in the employee incentive scheme in respect of which approval is sought). Mr Greg Roebuck is the only Director currently eligible to participate in the Company's Option Plan.

As Mr Greg Roebuck is a member of the Company's KMP, in accordance with the Corporations Act, a vote must not be cast on either of these resolutions by him or any other KMP, or a closely related party of Mr Greg Roebuck or any other KMP, acting as a proxy if the proxy form does not specify the way the proxy is to vote on these resolutions. However, the Company will not disregard any proxy votes cast on either of these resolutions by a member of the Company's KMP if the KMP is the Chairman of the Annual General Meeting acting as a proxy and the appointment expressly authorises the Chairman to exercise the proxy even though these resolutions are connected with the remuneration of Mr Greg Roebuck.

4. 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 - CORPORATIONS ACT:**Items 2 to 5b (inclusive)**

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).

On a show of hands, every Shareholder has one vote and, on a poll, every Shareholder has one vote for each Ordinary Share held, subject to the voting exclusions set out in the Voting Exclusion Statement above.

NOTES:

Proxies and corporate representatives

1. Pursuant to regulation 7.11.37 of the *Corporations Regulations 2001*, the Board 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 Wednesday, 21 October 2015 ("Effective Time")**.
2. All Shareholders at the Effective Time are entitled to attend the Annual General Meeting and may appoint a proxy for that purpose.
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.
6. A corporation which is a Shareholder of the Company may appoint a representative to act on its behalf at the Annual General Meeting. Appointments of representatives must be received in accordance with paragraph 7 below at any time before the Annual General Meeting or at the meeting or any adjournment of the Annual General Meeting.
7. Proxies and powers of attorney granted by Shareholders must be received by the Company's registry, Computershare Investor Services Pty Limited by no later than **1:00pm (Melbourne time) on Wednesday, 21 October 2015**. 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 Company's share registry, Computershare Investor Services PO Box 242, Melbourne, VIC 3001; **or**
 - (c) successfully transmitted by facsimile to 1800 783 447 (within Australia), or +613 9473 2555 (outside Australia); **or**
 - (d) deposited at the registered office of carsales.com Limited at Level 4, 449 Punt Road, Richmond, Vic, 3121; **or**
 - (e) given electronically by intermediary online custodians, by visiting www.intermediaryonline.com
8. 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 +613 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 Auditor’s Reports

The Corporations Act requires the Financial Report, Directors’ Report and Auditor’s Report of the Group, prepared on a consolidated single entity basis, 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 Chairman will give Shareholders a reasonable opportunity to ask questions and make comments on these reports and on the business, operations and management of the Group.

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 Directors’ Report in the 2015 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.

If 25% or more of the votes cast on this resolution are against adoption of the Remuneration Report, the Company will be required to consider, and report to Shareholders on, what action (if any) has been taken to address Shareholders’ concerns at next year’s annual general meeting.

Directors’ Recommendation

The Directors unanimously recommend Shareholders vote in favour of adopting the Remuneration Report. As stated in the Notice of AGM, each of the KMPs whose remuneration is included in the Remuneration Report and closely related parties of those KMPs are not eligible to vote on this Resolution, except as stated in the Notice of AGM.

The Chairman intends to vote all available proxies in favour of the adoption of the Remuneration Report.

Item 3 Re-election of Director: Mr Patrick O'Sullivan

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

Mr O'Sullivan has been a Director of the Company since 2007 and was the Chief Operating Officer and Finance Director of Nine Entertainment Co Pty Limited (formerly PBL Media Pty Ltd), a position he held from February 2006 until 29 June 2012. Mr O'Sullivan is a member of The Institute of Chartered Accountants in Ireland and Australia. He is a graduate of the Harvard Business School's Advanced Management Program. He also served as a Director and Company Secretary of Nine Entertainment Co Pty Limited and was Chairman of Ninemsn. Mr O'Sullivan is currently a non-executive director of iSentia, APN Outdoor, Little Company of Mary Health Care and chairman of HealthEngine.

Directors' Recommendation

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

The Chairman intends to vote all available proxies in favour of the re-election of Mr O'Sullivan.

Item 4 Remuneration of Non-Executive Directors

There are currently 5 Non-Executive Directors of the Company, being Mr J Browne, Mr W Pisciotto, Mr R Collins, Ms K Anderson and Mr P O'Sullivan. There is 1 alternate Non-Executive Director of the Company, being Mr S Kloss.

Under the Company's constitution, the remuneration payable to Non-Executive Directors must not be more than the aggregate fixed sum which is determined by Shareholders at a general meeting. In accordance with ASX Listing Rule 10.17 the Company requires Shareholder approval to increase the total maximum aggregate amount payable to all its Non-Executive Directors.

It is proposed that the maximum aggregate remuneration for the Non-Executive Directors for the year ending 30 June 2016 be increased by \$400,000 from \$1,100,000 to \$1,500,000 per annum. The current fee pool of \$1,100,000 was approved by Shareholders at the 2014 annual general meeting. The Company has not issued any securities to a Non-Executive Director under ASX Listing Rule 10.11 or 10.14 with Shareholder approval within the preceding 3 years.

Since the remuneration pool was increased in 2014, the Company has continued to undergo substantial change and development. In the fast moving environment in which the Company operates, strategic opportunities often require immediate consideration and resolution. Accordingly, over the past year, the demand on the Non-Executive Directors has increased significantly with input provided by the Board far beyond the scheduled meetings. As disclosed in the Directors' Report 30 June 2015, the Company held 20 Board meetings over the year, as well as 5 Board Committee meetings.

Additionally, the Company is currently considering increasing the number of Non-Executive Directors on its Board to ensure it retains a desirable mix of skills and experience to best guide, and assist management to implement, the strategy of the Company.

The Company recognises that it is not efficient to annually seek Shareholder approval to increase the aggregate remuneration for Non-Executive Directors. Accordingly, the Company is seeking Shareholder approval for an increase which it considers will be likely to sustain the Company over the coming years.

To ensure that the Company is able to attract and retain a Board comprising the best available talent, the remuneration payable to Non-Executive Directors needs to be in line with the market. The Board has carefully reviewed Directors' remuneration in order to bring it closer into alignment with other non-executive remuneration policies for comparable listed companies on the ASX.

Directors' Recommendation

The Directors recommend that Shareholders vote in favour of resolution 4. As stated in the Notice of AGM, a member of the Company's KMP and closely related parties of a KMP are not eligible to vote on this resolution and any votes cast in respect of this resolution by any Director, or associate of any Director, will be disregarded, except as stated in the Notice of AGM.

The Chairman intends to vote all available proxies in favour of the increase in the remuneration of Non-Executive Directors.

Item 5 Grant of deferred short term incentive Performance Rights and long term incentive Options and Performance Rights to the Managing Director Mr Greg Roebuck

Resolutions 5a and 5b set out in the Notice of AGM seek Shareholder approval of the deferred short term incentive ("DSTI") and long term incentive ("LTI") arrangements for Mr Greg Roebuck (being the Managing Director and Chief Executive Officer of the Company) under the rules of the Company's Option Plan for the purpose of ASX Listing Rule 10.14. These resolutions will be put to, and voted on, separately by Shareholders. Further details of these proposed individual grants are noted below. As stated in the Notice of AGM, Mr Roebuck is the only Director entitled to participate in the Option Plan.

There are currently 240,276,657 Shares on issue at the date of the Notice of AGM and the Options and Performance Rights proposed to be granted to Mr Roebuck, if approved by Shareholders, will represent approximately 0.17% of the current issued Shares.

Mr Roebuck currently holds 428,287 Options and Performance Rights issued under the Company's Option Plan and previously approved by Shareholders at the Company's annual general meetings and directly and indirectly, through entities associated with him, holds 4,841,902 Shares. At the date of the Notice of AGM, Mr Roebuck has a relevant interest in 2.0% of the total voting rights of the Company. If Shareholders approve the issue of these Options and Performance Rights to Mr Roebuck and all the currently held Options and Performance Rights issued to him vest and are exercised, Mr Roebuck's relevant interest in the Company will increase by approximately 0.3% to 2.3%, based on the issued capital of the Company as at the date of the Notice of AGM. No loans have been, or will be, granted to Mr Roebuck in relation to his participation in the DSTI and LTI arrangements and Mr Roebuck is prohibited from entering into hedging transactions or arrangements in respect of these Options and Performance Rights.

As at the date of the Notice of AGM, no other Director or associate of a Director is eligible to participate in the Option Plan and no other person who requires approval to participate in the Option Plan under ASX Listing Rule 10.14 has been, or will be, issued with Options or Performance Rights unless Shareholder approval is obtained.

Directors' Recommendation

The Directors, other than Mr Roebuck, considered the nature of Mr Roebuck's position in overseeing the management of the Group's operations and strategy and unanimously recommend that Shareholders vote in favour of resolutions 5a and 5b.

As stated in the Notice of AGM, Mr Roebuck, his associates and closely related parties, and each other KMP and their respective closely related parties are not eligible to vote on this resolution, except as stated in the Notice of AGM.

The Chairman intends to vote all available proxies in favour of the grant of Options and Performance Rights to Mr Roebuck.

Item 5a Deferred Short Term Incentive (“DSTI”)

The structure of Mr Roebuck's remuneration package includes the following components:

- Base Salary (including superannuation and other allowances)
- STI (cash based award)
- DSTI (Performance Rights based award)
- LTI (Options and Performance Rights based award)

The STI award is a cash based award paid in the form of an annual cash payment on the achievement of particular objectives (see page 24 of the 2015 Annual Report for further details about the structure and objectives included in the STI program).

If Shareholder approval is received, the Board will grant up to 13,896 Performance Rights to Mr Roebuck. Each Performance Right will have a \$0 exercise price. The terms on which these Performance Rights will be issued to Mr Roebuck are summarised below.

The value of the Performance Rights was calculated using the Black-Scholes option pricing model which takes into account certain facts and makes certain assumptions as explained on page 80 of the 2015 Annual Report. The assumption inputs used in the Black-Scholes model are reviewed each year by an independent external consultant. The value of this award is \$120,000.

The Board believes the grant of the Performance Rights 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 these Performance Rights award, subject to Shareholder approval, are summarised as follows:

- The Performance Rights 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).
- The vesting of the 13,896 Performance Rights is subject to the achievement of a financial year ending 30 June 2016 (“FY2016”) earnings per share (“EPS”) target. The Board, in considering appropriate performance targets, believes EPS is the most effective measure in ensuring alignment with the interests of Shareholders.
- 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.
- The minimum and maximum EPS target for the Performance Rights to vest has been set by the Board. In considering the appropriate EPS target, the Board has used the historical earnings performance of the Company, forward looking market consensus earnings expectations and other internal forward looking plans as inputs for determining the appropriate objective. The Board believes that the growth target that has been set is appropriate as it is broadly aligned with the current market earnings outlook.
- The Company will publish in the FY2016 Annual Report the minimum and maximum EPS target that was applicable to the grant, along with the actual EPS achieved by the Company.
- Performance Rights will not be capable of exercise if at the testing date (referred to below) the minimum targeted growth rate has not been achieved.
- Performance Rights will be capable of exercise if at the testing date the EPS target has been achieved or exceeded as follows:
 - If the EPS achieved is equal to the minimum target, 70% of the Performance Rights will be capable of exercise;
 - If the EPS achieved is between the minimum and maximum targets, vested Performance Rights will be capable of exercise on a pro-rata basis between 70% and 100%; and
 - If the EPS achieved is equal to or exceeds the maximum target, 100% of the Performance Rights will be capable of exercise.

- The performance conditions applying to the Performance Rights will be tested at 30 June 2016.
- The exercise price of a Performance Right is \$0.
- Subject to the performance conditions being satisfied, Performance Rights may, unless otherwise waived by the Board, be exercised after the Board releases the 2017 Annual Report to the ASX.
- Vested and unexercised Performance Rights and Performance Rights which have not vested, will, subject to the Board's discretion, automatically lapse if Mr Roebuck ceases to be employed by the Company.
- Any Shares issued on the vesting of these Performance Rights will be held in trust by the trustee of the carsales.com Employee Share Trust ("**Trust**"), CPU Share Plans Pty Limited, on the terms and conditions of the Plan and the trust deed establishing the Trust.
- Shares to be allocated to Mr Roebuck on vesting of any of these Performance Rights may be satisfied by the issue of new Shares or acquired on market. All new Shares issued will rank, in all respects, equally with all other Shares and the Company will apply for quotation of the new Shares on ASX.
- If there is a reorganisation of the Company's capital, the Performance Right terms will be adjusted, pursuant to the ASX Listing Rules, to the extent necessary to reflect the effects of the reorganisation.
- EPS targets exclude any corporate activity associated with mergers and acquisitions, corporate or capital reorganisations completed after the issue of this notice.

Item 5b Long Term Incentive ("LTI")

If Shareholder approval is received, the Board will grant up to 319,348 Options and 75,577 Performance Rights to Mr Roebuck. Each Option will have an exercise price of \$10.24 and each Performance Right will have a \$0 exercise price. The terms on which these Options and Performance Rights will be issued to Mr Roebuck are summarised below.

The value of the Options and Performance Rights was calculated using the Black-Scholes option pricing model which takes into account certain facts and makes certain assumptions as explained on page 80 of the 2015 Annual Report. The assumption inputs used in the Black-Scholes model are reviewed annually by an independent external consultant. The value of this award is \$1,050,000.

The Board believes the grant of the Options and Performance Rights 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 these Options and Performance Rights, subject to Shareholder approval, are summarised as follows:

- The Options and Performance Rights 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).
- The vesting of 319,348 Options and 75,577 Performance Rights is subject to the achievement of an EPS target.
- 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.
- The minimum and maximum EPS target for the Options and Performance Rights have been set by the Board. In considering the appropriate EPS target, the Board has used the historical earnings performance of the Company, forward looking market consensus earnings expectations and other internal forward looking plans as inputs for determining the appropriate EPS target. The Board believes that the minimum growth target that has been set is appropriate as it is broadly aligned with the current market earnings outlook on a compound annual growth rate ("**CAGR**") in EPS between the baseline year ending 30 June 2015 and the testing year ending 30 June 2018.

- The Company will publish in the FY2018 Annual Report the minimum and maximum EPS target that was applicable to the grant, along with the actual EPS achieved by the Company in that relevant year.
- Options and Performance Rights will not be capable of exercise if at the testing date (referred to below) the minimum targeted EPS has not been achieved.
- Options and Performance Rights will be capable of vesting and exercise if at the testing date the EPS target has been achieved or exceeded as follows:
 - If the EPS achieved is equal to the minimum target, 70% of the Options and Performance Rights will be capable of exercise;
 - If the EPS achieved is between the minimum and maximum targets, vested Options and Performance Rights will be capable of exercise on a pro-rata basis between 70% and 100%; and
 - If the EPS achieved is equal to or exceeds the maximum target, 100% of the Options and Performance Rights will be capable of exercise.
- The performance conditions applying to the Options and Performance Rights will be tested at 30 June 2018.
- The exercise price of each vested Option is \$10.24 being the volume weighted average price of the Company's Shares for the 21 days prior to 1 July 2015. The exercise price of each Performance Right is \$0.
- Subject to the performance conditions being satisfied, Options and Performance Rights may, unless otherwise waived by the Board, be exercised after the Board releases the 2018 Annual Report to the ASX.
- Vested and unexercised Options and Performance Rights, and Options and Performance Rights which have not vested will, subject to the Board's discretion, automatically lapse if Mr Roebuck ceases to be employed by the Company.
- Any Shares issued on the vesting and exercise of these Options and Performance Rights will be held in trust by the trustee of the Trust, CPU Share Plans Pty Limited, on the terms and conditions of the Option Plan and the trust deed establishing the Trust.
- Shares to be allocated to Mr Roebuck on vesting and exercise of any Options and Performance Rights may be satisfied by the issue of new Shares or acquired on market. All new Shares issued will rank, in all respects, equally with all other Shares and the Company will apply for quotation of the new Shares on ASX.
- If there is a reorganisation of the Company's capital, the Options and Performance Rights terms will be adjusted, pursuant to the ASX Listing Rules, to the extent necessary to reflect the effects of the reorganisation.
- EPS targets exclude any corporate activity associated with mergers and acquisitions, corporate or capital reorganisations completed after the issue of this notice.

Glossary of Terms

Annual General Meeting	means the Annual General Meeting of the Company to be held at 1.00p.m. (Melbourne time), Friday, 23 October, 2015 and " AGM " has the same meaning.
ASX Listing Rules	means the listing rules of the ASX Limited ACN 008 624 691 (also referred to as " ASX "), as amended from time to time.
Auditor	means PricewaterhouseCoopers.
Auditor's Report	means the report of the Auditor regarding its audit of the Group 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 (ABN 91 074 444 018).
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.
Effective Time	means 7:00pm (Melbourne time) on Wednesday, 21 October 2015.
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 Group for the year ending on 30 June 2015.
Group	means the Company and its controlled entities.
KMP	has the meaning given to that term in the Financial Report.
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	means the option plan of the Company.
Option Plan	means the right to acquire an Ordinary Share, subject to satisfaction of performance hurdles and other vesting conditions as determined by the Board, in accordance with the terms of the Option Plan.
Ordinary Share	means a fully paid ordinary share in the capital of the Company.
Performance Right	means the right to acquire an Ordinary Share, subject to satisfaction of performance hurdles and other vesting conditions as determined by the Board, in accordance with the terms of the Option Plan.
Remuneration Report	means the remuneration report of the Group 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

Proxy Form

**Vote and view the annual report online**

- Go to www.investorvote.com.au or scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

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 1.00pm (Melbourne time) Wednesday, 21 October 2015**

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 or abstain as they choose (to the extent permitted by law). 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 help tab, "Printable 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** ➔

☐

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.

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of carsales.com Limited to be held in the La Trobe Ballroom, Level 1, Sofitel Melbourne on Collins at 25 Collins Street, Melbourne on Friday, 23 October 2015 at 1.00pm (Melbourne time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 2, 4, 5a & 5b (except where I/we have indicated a different voting intention below) even though Items 2, 4, 5a & 5b are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 2, 4, 5a & 5b by marking the appropriate box in step 2 below.

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.

		For	Against	Abstain
Item 2	Adoption of the Remuneration Report	☐	☐	☐
Item 3	Re-election of Mr Patrick O'Sullivan as a Director	☐	☐	☐
Item 4	Remuneration of Non- Executive Directors	☐	☐	☐
Item 5a	Grant of Performance Rights to Mr Greg Roebuck	☐	☐	☐
Item 5b	Grant of Options and Performance Rights to Mr Greg Roebuck	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

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 / /
