



26 October 2005

The Companies Announcements Office  
Australian Stock Exchange Limited  
Level 10  
20 Bond Street  
**SYDNEY NSW 2000**

**A.P. Eagers Limited to explore merger with Auto Group Limited**

The Board of A.P. Eagers Limited ('**AP Eagers**') has reached in principle agreement with the Board of Auto Group Limited ('**Auto Group**') to explore a merger of the two companies. The respective Boards have yet to determine the consideration and whether that consideration would involve cash, shares in AP Eagers or a combination of both.

The proposal is subject to completion of due diligence by AP Eagers and any necessary approval of its shareholders. It is expected that due diligence will be completed by early December.

Although the details of the proposal are yet to be finalised, the parties are currently considering either a scheme of arrangement or a selective capital reduction. Under a selective capital reduction structure, Auto Group shareholders (other than AP Eagers) would be asked to vote on a process that would result in Auto Group becoming a wholly owned subsidiary of AP Eagers.

AP Eagers will keep the market informed of any progress in relation to the proposal.

Yours faithfully  
**A.P. Eagers Limited**

A handwritten signature in black ink, appearing to read 'B W Macdonald'.

**B W Macdonald**  
Chairman

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**A. P. EAGERS LIMITED**

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