

ASX Release

14 January 2008

iiNet Signs International Bandwidth Capacity Deal with Pipe

iiNet Limited (ASX:ii) announced today that it has entered into a 15 year international capacity agreement as a foundation customer with Pipe International Pty Ltd, a 100% subsidiary of Pipe Networks Limited (ASX:pwk). iiNet and Pipe previously entered into a strategic arrangement for the construction of a dark fibre network in 2006, delivering high capacity links to suburban areas in Sydney, Melbourne and Brisbane.

Managing Director, Michael Malone said "this agreement will provide iiNet with long term supply certainty and significant cost savings".

In previous investor presentations in 2007, iiNet indicated that it has been investigating its options to secure a long term supply agreement for international capacity. This agreement with Pipe achieves that objective.

Pipe will be constructing a new cable from Australia to Guam which is expected to be complete in the mid to late 2009, this will then join existing cable systems to provide connectivity to Asia, United States and Europe. This solution provides ample capacity to match iiNet's plans for growth and is considered a key plank in the Company's ability to continue delivering affordable high speed broadband to our customers.

International capacity currently represents approximately 15% of iiNet's cost of sales and upon switching to this service it will provide a significant saving for iiNet in international bandwidth costs as well as providing iiNet with greater certainty over the services it delivers.

iiNet has also put in place contingency plans with existing providers which gives the Company flexibility and certainty of supply until the new capacity comes online in approximately eighteen months.

"This is a significant announcement for all Australian Internet users," said iiNet Managing Director, Michael Malone. "iiNet has been saying for years that the bottle neck in Internet access in this country is in the international links, not in the access network. This project signals the first entirely new cable delivered to Australia in eight years and will deliver more capacity for bandwidth starved Australians."

Yours sincerely,



Stephen Fewster
Company Secretary