

The Manager
Company Announcements Office
Australian Stock Exchange
Exchange Plaza, 2 The Esplanade,
Perth WA 6000

11th March 2010

Dear Sir or Madam

Response to Market Speculation

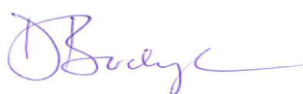
We note the speculation in the media today that iiNet is about to acquire Melbourne based Netspace for an estimated price of \$60-\$75 million.

In response, we advise that we have been in discussions with several parties including Netspace, and note that the price currently being discussed is a long way below the price range quoted in the media. However, the discussions are at an early stage and remain incomplete, and the iiNet Board has taken no decision regarding the potential acquisition.

We have publicly stated that we are interested in sensible acquisitions in the future and as a result we are continually engaged in assessing strategic options and regularly hold discussions with industry participants – often associated with a potential takeover.

If any discussion with Netspace, or any other industry participant, leads to a material development, the company will inform shareholders in keeping with its continuous disclosure obligations.

Regards



David Buckingham
Company Secretary

About iiNet

iiNet Limited (ASX: IIN) was established in 1993 and listed on the ASX in 1999, growing from a small Perth business into the third largest Internet Service Provider in Australia. The Company now supports over 750,000 broadband, telephony and dial up services nationwide, with revenues of \$418m, and proudly employs more than 1,300 people in Perth, Sydney, Auckland and Cape Town.

iiNet's goal is to lead the market with the best Internet access products and then differentiate with genuine, plain speaking customer service. The company has its own high speed ADSL2+ network reaching around 4 million households across Australia, the largest Voice over IP network in the country, and is delighted to have led yet again with Naked DSL, recognised by PC User Magazine as the 2007 Product of the Year.

For further information or interviews, please contact:

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