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iiNet Sells Satellite Business to Bordernet

15 February, 2005 – iiNet (ASX: IIN) today announced that it has completed an agreement for the sale of its satellite business in Australia and New Zealand to Bordernet, a rural Australian ISP that specialises in satellite Internet access.

Operating under the ihug brand, iiNet's satellite business consists of approximately 3,000 customers in the rural area of the New South Wales and Victorian border, and in New Zealand. iiNet took ownership of the satellite business when it acquired ihug, a New Zealand-based ISP in Oct 2003.

Satellite Internet is a viable alternative for customers in remote areas who cannot receive broadband or other DSL Internet services, with customers receiving much faster speeds than dial up Internet.

"iiNet's forté is broadband, dial up and phone services, while Bordernet is an established and successful satellite ISP," said Michael Malone, Managing Director, iiNet. "Our decision to spin off the satellite business to a provider with the required expertise will ensure customers receive the products and service they need, and enable us to focus on our core competencies."

The transition of wholesale and retail satellite customers from ihug to Bordernet will occur in a planned, phased and seamless approach. Bordernet will contact customers with full details over the coming weeks.

For more information on Bordernet and iiNet, please visit: www.bordnet.com.au and www.iinet.net.au.

About iiNet

iiNet is one of Australia's Internet service pioneers, having begun in Western Australia in 1993. As of December 31, 2004, iiNet was the fourth largest ISP in Australia, with approximately 400,000 customers across Australia and New Zealand, and Australia's second largest provider of broadband services. iiNet has built a reputation for providing innovative, quality and value Internet products, and friendly 24-hour customer service and support. For more information on iiNet, please visit www.iinet.net.au or call 131917.

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