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Australian Stock Exchange
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iiNet to Acquire OzEmail

iiNet to Become Australia's Third Largest ISP Through Deal With MCI

PERTH, Australia and ASHBURN, Virginia, 15 February, 2005 – iiNet Limited (ASX: IIN), today announced completion of an agreement with MCI (NASDAQ: MCIP) to acquire the residential Internet access business of OzEmail, in a transaction valued at \$110 million (AUD). iiNet will make a cash payment of approximately \$105 million (AUD) to MCI, it will retain all OzEmail staff and iiNet will assume OzEmail's working capital and employee entitlements. The companies expect the sale to close within 20 days.

The acquisition of OzEmail positions iiNet to become the third largest Internet service provider (ISP) in Australia. Given the recent launch of its full phone service, this acquisition will make iiNet a serious competitor to the nation's biggest telecommunications firms.

The transaction is limited to a sale of the OzEmail residential Internet access unit, which is a non-core business of MCI. This will allow MCI Australia to focus on its core business markets – IP, data, security, hosting, voice and managed services for corporate and government customers; and wholesale services to carriers and ISPs. The sale does not include any of MCI's network assets.

With OzEmail's 230,000 active non-casual customers, including 47,000 broadband users, and 65,000 active casual customers, iiNet's total customer count will grow overnight to more than 620,000. With OzEmail's customer base being largely on the east coast, the deal will add further clout to iiNet's aggressive DSLAM network rollout across Australia.

"This is a momentous time for iiNet. We're blending innovative, cutting-edge products like our 'fast-as-you-can-go' broadband plans with one of Australia's best loved ISP brands," said Michael Malone, Managing Director of iiNet. "Now with our full phone service plus broadband, the combined companies can offer customers leading communication products and genuine service that really stands out from the rest."

iiNet will retain the iconic OzEmail brand but is keen to capitalize on the opportunities that this acquisition offers. Existing products will continue to be marketed and supported with full staff retained. iiNet will boost staff resources to further enhance the service and support enjoyed by OzEmail customers and will transition OzEmail customers onto the iiNet network and billing systems during the first nine months after close of the sale. Within six months, iiNet aims to offer its next generation iibroadband2 products with speeds up to 8000 kbps and full phone services.

About iiNet

iiNet is one of Australia's Internet service pioneers, having begun in Western Australia in 1993. At 31 December, 2005, iiNet was the fourth largest Internet Service Provider in Australia, with 390,000 customers across Australia and New Zealand, of which about 73,000 are DSL subscribers. 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.

About MCI

MCI, Inc. (NASDAQ: MCIP) is a leading global communications provider, delivering innovative, cost-effective, advanced communications connectivity to businesses, governments and consumers. With the industry's most expansive global IP backbone, based on the number of company-owned points of presence, and wholly-owned data networks, MCI develops the converged communications products and services that are the foundation for commerce and communications in today's market. For more information, go to www.mci.com.

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