



iiNet Limited

ABN 48 068 628 937

**NOTICE OF ANNUAL GENERAL MEETING AND
EXPLANATORY STATEMENT**

For the Annual General Meeting to be held on 18 November 2014 at 10:30 a.m. (WST) at
Level 2, 502 Hay Street, Subiaco, Western Australia

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NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting (**AGM**) of shareholders of iiNet Limited (**Company**) will be held on Tuesday 18 November 2014 at 10:30 a.m. (WST) at Level 2, 502 Hay Street, Subiaco, Western Australia.

The attached Explanatory Statement is provided to supply shareholders with information to enable them to make an informed decision regarding items of business set out in this Notice. The Explanatory Statement is intended to be read in conjunction with, and forms part of, this Notice. A glossary of defined terms used in the Notice of Meeting and Explanatory Statement is set out at the end of the Explanatory Statement.

AGENDA

General Business

Financial Reports

To receive and consider the Company's financial statements and the reports of the directors and auditor for the year ended 30 June 2014. An electronic copy is available from the investor section of the Company's website, visit <http://investor.iinet.net.au/irm/content/default.aspx>.

Election of Directors

Resolution 1(a) – Re-election of Patrick O’Sullivan

To consider and, if thought fit, to pass as an ordinary resolution:

“That Mr Patrick O’Sullivan, a non-executive director of the Company, who automatically retires pursuant to Rule 3.3(a) of the Company’s Constitution, and having offered himself for re-election and being eligible, be elected as director of the Company.”

Resolution 1(b) – Re-election of Paul McCarney

To consider and, if thought fit, to pass as an ordinary resolution:

“That Mr Paul McCarney, a non-executive director of the Company, who automatically retires pursuant to Rule 3.3(a) of the Company’s Constitution, and having offered himself for re-election and being eligible, be elected as director of the Company.”

Resolution 1(c) – Re-election of Louise McCann

To consider and, if thought fit, to pass as an ordinary resolution:

“That Ms Louise McCann, a non-executive director of the Company, who retires by rotation pursuant to Rule 3.6(a) of the Company’s Constitution, and having offered herself for re-election and being eligible, be elected as director of the Company.”

Remuneration Report

Resolution 2 – Adoption of the remuneration report

To consider and, if thought fit, to pass as an ordinary resolution:

“That the remuneration report of the Company for the year ended 30 June 2014 be adopted.”

Please note that the vote on this resolution is advisory only and does not bind the Directors or the Company.

Voting Exclusion Statement

Votes cannot be cast, and the Company will disregard any vote cast, on Resolution 2 by, or on behalf of:

- (a) a member of the key management personnel as disclosed in the Remuneration Report (**Key Management Personnel**); or
- (b) a closely related party (such as close family members and any controlled companies) of those persons,

unless the vote is cast by a person as a proxy for a person entitled to vote in accordance with a direction on the Proxy Form or by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit, even though it is connected directly or indirectly with remuneration of the Company's Key Management Personnel..

Non-Executive Director Remuneration

Resolution 3 – Increase in the maximum aggregate remuneration of non-executive directors

To consider and, if thought fit, to pass as an ordinary resolution:

“That approval be given under Rule 10.2 of the Company’s Constitution, ASX Listing Rule 10.17 and for all other purposes to increase the maximum aggregate amount available for the remuneration of non-executive directors by \$200,000 to \$1,100,000 per annum, to be apportioned by the directors at their discretion.”

Voting Exclusion Statement

The Company will disregard votes cast on Resolution 3 by, or on behalf of:

- (a) a director of the Company; and
- (b) an associate of such person.

However the Company need not disregard a vote if:

- (a) it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

In addition, a person appointed as a proxy must not vote, on the basis of that appointment (and the Company will disregard any such vote), on Resolution 3 if:

- (a) the proxy is either:
 - (i) a member of the Key Management Personnel; or
 - (ii) a closely related party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair of the meeting; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

By order of the Board



Ben Jenkins
Company Secretary
17 October 2014

INFORMATION FOR SHAREHOLDERS

How to Vote

You may vote by attending the meeting in person, by proxy or authorised corporate representative.

Voting Entitlements

The Company has determined, in accordance with regulation 7.11.37 of the Corporations Regulations 2001 (Cth), that shares quoted on the ASX at 10:30 a.m. (WST) on 16 November 2014 shall be taken, for the purposes of the Annual General Meeting, to be held by the persons who held them at that time. Accordingly, those persons are entitled to attend and vote (if not excluded) at the Meeting.

Voting in Person

To vote in person, attend the meeting on the date and at the place set out above. The meeting will commence at 10:30 a.m. (WST).

Voting by Corporate Representative

A corporation may elect to appoint a representative to attend and vote at the meeting in accordance with the Corporations Act (2001) (**Corporations Act**) in which case the Company will require a Certificate of Appointment of Corporate Representative executed in accordance with the Corporations Act. The Certificate is to be lodged with the Company before the meeting or at the registration desk on the day of the meeting.

Shareholders can download and complete the 'Appointment of Corporate Representation' form from the Link website: <http://www.linkmarketservices.com.au/corporate/investorservices/forms.html>

Voting by Proxy

A member who is entitled to vote at the meeting may appoint:

- one proxy if the member is only entitled to one vote, or
- one or two proxies if the member is entitled to more than one vote.

Where the member appoints two proxies, the appointment may specify the proportion or number of votes that each proxy may exercise. If the appointment does not specify a proportion or number, each proxy may exercise one-half of the votes, in which case any fraction of votes will be disregarded. A proxy need not be a member of the Company.

To vote by proxy electronically, visit www.linkmarketservices.com.au. Select "Investor & Employee Login" and in the "Single Holding" box, enter iiNet Limited or the ASX code (IIN) in the Issuer name field, your Holder Identification Number (HIN) or Security Reference Number (SRN) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click "Login". Select the "Voting" tab and then follow the prompts. You will be taken to have signed your Proxy Form if you lodge it in accordance with the instructions given on the website. This must be submitted **not later than 10:30 a.m. (WST) on Sunday 16 November 2014**, being not less than 48 hours prior to the commencement of the meeting.

Alternatively, the proxy form and the power of attorney or other authority (if any) under which it is signed (or a certified copy) can be sent:

- by post to Link Market Services Limited, Locked Bag A14, Sydney South NSW 1235;
- by fax on (02) 9287 0309 if sent within Australia or +61 2 9287 0309 if sent from outside of Australia; or
- by delivery to 1A Homebush Bay Drive, Rhodes NSW 2138.

Proxy forms must be received **no later than 10:30 a.m. (WST) on Sunday 16 November 2014**, being not less than 48 hours prior to the commencement of the meeting. Any proxy form received after that time will not be valid for the scheduled meeting.

Proxies given by corporate shareholders must be executed in accordance with their constitutions, or signed by a duly authorised attorney. A proxy may decide whether to vote on any motion, except where the proxy is required by law or the Company's constitution to vote, or abstain from voting, in their capacity as proxy. If a proxy is directed on how to vote on an item of business, the proxy may vote on that item only in accordance with that direction. If a proxy is not directed how to vote on an item of business, a proxy may vote as he or she thinks fit. If a shareholder appoints the Chairperson of the meeting as the shareholder's proxy (or the Chairperson is the proxy by default) and does not specify how the Chairperson is to vote on an item of business, the Chairperson will vote, as proxy for that shareholder, in favour of the item.

Your proxy form is enclosed, if you require an additional proxy form, the Company will supply it on request.

Enquiries

Shareholders are invited to contact the Company Secretary, Ben Jenkins on +(61 8) 9214 2222 if they have any queries in respect of the matters set out in these documents.

EXPLANATORY STATEMENT

This Explanatory Statement and all attachments are important documents. They should be read carefully.

If you have any questions regarding the matters set out in this Explanatory Statement or the preceding Notice, please contact the Company, your stockbroker or other professional adviser.

General Information

This Explanatory Statement has been prepared for the shareholders of the Company in connection with the Annual General Meeting of the Company to be held at 10:30 a.m. (WST) on 18 November 2014.

The purpose of this Explanatory Statement is to provide shareholders with information that the Board believes to be material to shareholders in considering the items of business detailed in the Notice.

Financial Reports

The Corporations Act requires the Company to lay before the Annual General Meeting the Financial report, Directors' report (including the remuneration report) and the Auditor's report for the last financial year that ended before the Annual General Meeting.

No resolution is required for this item, but shareholders will be provided with a reasonable opportunity to ask questions or make comments in relation to these reports. The Company's auditor will also be present at the meeting and Shareholders will be given the opportunity to ask the auditor questions about the conduct of the audit, the preparation and content of the auditor's report, the accounting policies adopted by the Company and the independence of the auditor.

Resolutions

Resolutions 1(a), 1(b) and 1(c) – Election of Directors

Resolution 1(a) – Re-election of Patrick O'Sullivan

Mr Patrick O'Sullivan was appointed as a non-executive director on 22 April 2014. He automatically retires from office at this Annual General Meeting in accordance with Rule 3.3(a) of the Company's Constitution and offers himself for re-election. Resolution 1(a) seeks shareholder approval to re-elect Mr Patrick O'Sullivan to the Board. Further information about Mr Patrick O'Sullivan is set out below.

The Board, excluding Mr Patrick O'Sullivan, unanimously recommends that shareholders vote in favour of Resolution 1(a).

Resolution 1 (b) – Re-election of Paul McCarney

Mr Paul McCarney was appointed as a non-executive director on 22 April 2014. He automatically retires from office at this Annual General Meeting in accordance with Rule 3.3(a) of the Company's Constitution and offers himself for re-election. Resolution 1(b) seeks shareholder approval to re-elect Mr Paul McCarney to the Board. Further information about Mr Paul McCarney is set out below.

The Board, excluding Mr Paul McCarney, unanimously recommends that shareholders vote in favour of Resolution 1(b).

Resolution 1 (c) – Re-election of Louise McCann

Ms Louise McCann, a non-executive director, was last elected by members on 22 November 2011. She automatically retires from office at this Annual General Meeting in accordance with Rule 3.6(a) of the Company's Constitution and offers herself for re-election. Resolution 1(c) seeks shareholder approval to re-elect Ms Louise McCann to the Board. Further information about Ms Louise McCann is set out below.

The Board, excluding Ms Louise McCann, unanimously recommends that shareholders vote in favour of Resolution 1(c).

Additional information about directors seeking re-election

The following information about the directors seeking re-election and election is provided for shareholders to consider.

Mr Patrick O'Sullivan

Non-Executive Director, CA, member of the Audit and Risk Committee and the Remuneration and Nomination Committee.

Appointed as a Non-Executive Director of the Company on 22 April 2014.

Pat has over 30 years of international commercial and business management experience, including holding various senior management and board positions.

Pat is currently a Non-Executive Director of carsales.com, iSentia and Little Company of Mary Healthcare as well as being Chairman of HealthEngine.com.au.

Previously Pat was Chief Operating Officer and Finance Director of Nine Entertainment Co as well as serving as Chairman of ninemsn. Before that Pat was Chief Financial Officer of Optus and has also held a number of senior positions at Goodman Fielder, Burns Philp & Company and Price Waterhouse.

Pat is a member of the Institute of Chartered Accountants in Ireland and in Australia and is a graduate of the Harvard Business School's Advanced Management Program.

Mr Paul McCarney

Non-Executive Director, B.Comm, member of the Strategy and Innovation Committee.

Appointed as a Non-Executive Director of the Company on 22 April 2014.

Paul is a Consultant, Investor and Entrepreneur. He is currently a Non-Executive Director for Trade Me (TME.AX), Cirrus Media (formerly Reed Business Information P/L) and Chairman at The Search Academy.

He has 15 years' experience in technology and digital marketing, including co-founding search marketing agency Decide Interactive (acquired by NASDAQ-listed 24/7 Real Media in 2004), founding digital marketing company Life Event Media (acquired by directory business Sensis in 2011), and co-founding lead generation platform Quotify Technologies Inc (acquired by Telstra in 2013).

Paul is an active angel investor and mentor, holds a patent in multi-attribute matching of buyers and sellers, and is often required to consult to media, consulting and private equity businesses as a subject matter expert on digital asset strategy, innovation and investment.

Ms Louise McCann

Non-Executive Director, MOM, FAICD, FAIM, FRSA, Chairman of the Remuneration and Nomination Committee, member of the Audit and Risk Committee.

Appointed as a Non-Executive Director of the Company on 14 April 2011, last elected by members on 22 November 2011.

Louise has over 25 years' experience in media, publishing and market research in Australia, across Asia Pacific and internationally.

Louise has former experience as the Chief Executive Officer for Asia and Managing Partner for Australia for Hall & Partners, a specialist brand and communications market research agency. She also was Chairman and Chief Executive Officer at Research International (ANZ), Chief Executive Officer of OzTAM Pty Ltd and has served as the Industry President and Vice President for The Association of Market and Social Research Organisations. She also served as Director for the International Advertising Association's Australian Chapter and was formerly a Non-Executive Director of The Brain Bank.

Louise has also held executive positions with the Ten Network, Dawson Magazine and senior production positions with the Australian Broadcasting Corporation.

Resolution 2 - Adoption of the remuneration report

As required by section 250R of the Corporations Act, a resolution that the remuneration report for the year ended 30 June 2014 be adopted is put to the vote. The remuneration report is set out on pages 44 to 60 of the 2014 Annual Report of the Company.

The vote on this item is advisory only and will not bind the Directors or the Company. However, the Board will take the outcome of the vote into consideration when reviewing the remuneration practices and policies of the Company.

There will be reasonable opportunity for shareholders to comment on and ask questions about the remuneration report.

The Board unanimously recommends that shareholders vote in favour of Resolution 2.

Resolution 3 – Increase in the maximum, aggregate remuneration of non-executive directors

The current maximum aggregate amount approved by shareholders to be paid as remuneration to all non-executive directors, excluding expenses and fees for any services performed, is A\$900,000. This sum was approved at the 2012 AGM. ASX Listing Rule 10.17 and Rule 10.2 of the Company's Constitution provides that the Company may not, without shareholder approval, increase the total amount of non-executive directors' fees.

Pursuant to ASX Listing Rule 10.17 and Rule 10.2 of the Company's Constitution, shareholder approval is sought to increase the current sum of \$900,000 by \$200,000 to a new maximum aggregate amount to \$1,100,000. The increase in the maximum aggregate remuneration is reflective of the increase in the size of the iiNet Group since 2012, to allow remuneration to increase in line with market to attract and retain the best talent and to allow for further development of the iiNet Limited Board.

There have been no securities issued to non-executive directors under Listing Rules 10.11 or 10.14 within the preceding three years.

The Board unanimously recommends that Shareholders vote in favour of Resolution 3.

Glossary

"**ASX**" means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as appropriate.

"**Board**" means the board of directors of the Company.

"**Company**" or "**iiNet**" means iiNet Limited (ABN 48 068 628 937).

"**Constitution**" means the Company's constitution.

"**Corporations Act**" means the Corporations Act 2001 (Cth).

"**Director**" means a director of the Company.

"**Explanatory Statement**" means the explanatory statement to the Notice.

"**Listing Rules**" means the Listing Rules of the ASX.

"**Meeting**" means the meeting convened by the Notice.

"**Notice**" means the notice of meeting accompanying this Memorandum.

"**Share**" means a fully paid ordinary share in the capital of the Company.

"**Shareholders**" means members of the Company entitled to vote at the Meeting.



By mail:
iiNet Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



By fax: +61 2 9287 0309



All enquiries to: Telephone: 1300 275 410 Overseas: +61 1300 275 410

PROXY FORM

I/We being a member(s) of iiNet Limited and entitled to attend and vote hereby appoint:

STEP 1

APPOINT A PROXY

☐

the Chairman
of the Meeting
(mark box)

OR if you are NOT appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy.

Failing the person or body corporate named, or if no person or body corporate is named, the Chairman of the Meeting, as my/our proxy to vote on my/our behalf (including in accordance with the directions set out below or, if no directions have been given, to vote as the proxy sees fit, to the extent permitted by the law) at the Annual General Meeting of the Company to be held at **10:30am (WST) on Tuesday, 18 November 2014 at Level 2, 502 Hay Street, Subiaco, Western Australia** (the Meeting) and at any postponement or adjournment of the Meeting.

I/we expressly authorise the Chairman of the Meeting to exercise my/our proxy even if the resolution is connected directly or indirectly with the remuneration of a member of the key management personnel.

The Chairman of the Meeting intends to vote undirected proxies in favour of all items of business.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 48 hours before the Meeting. Please read the voting instructions overleaf before marking any boxes with an ☒.

STEP 2

VOTING DIRECTIONS

	For	Against	Abstain*
Resolution 1(a) Re-election of Patrick O'Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1(b) Re-election of Paul McCarney	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 1(c) Re-election of Louise McCann	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Adoption of the remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Increase in the maximum aggregate remuneration of non-executive directors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* If you mark the Abstain box for a particular Item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

STEP 3

SIGNATURE OF SHAREHOLDERS - THIS MUST BE COMPLETED

Shareholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Shareholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Shareholder 3 (Individual)

Director

This form should be signed by the shareholder. If a joint holding, either shareholder may sign. If signed by the shareholder's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).

IIN PRX401R



HOW TO COMPLETE THIS PROXY FORM

Your Name and Address

This is your name and address as it appears on the Company's share register. If this information is incorrect, please make the correction on the form. Shareholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your shares using this form.**

Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 1. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 1. If you appoint someone other than the Chairman of the Meeting as your proxy, you will also be appointing the Chairman of the Meeting as your alternate proxy to act as your proxy in the event the named proxy does not attend the Meeting.

Votes on Items of Business - Proxy Appointment

You may direct your proxy how to vote by placing a mark in one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

Appointment of a Second Proxy

You are entitled to appoint up to two persons as proxies to attend the Meeting and vote on a poll. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by telephoning the Company's share registry or you may copy this form and return them both together.

To appoint a second proxy you must:

- (a) on each of the first Proxy Form and the second Proxy Form state the percentage of your voting rights or number of shares applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded; and
- (b) return both forms together.

Signing Instructions

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either shareholder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Corporate Representatives

If a representative of the corporation is to attend the Meeting the appropriate "Certificate of Appointment of Corporate Representative" should be produced prior to admission in accordance with the Notice of Meeting. A form of the certificate may be obtained from the Company's share registry or online at www.linkmarketservices.com.au.

Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **10:30am (WST) on Sunday, 16 November 2014**, being not later than 48 hours before the commencement of the Meeting. Any Proxy Form received after that time will not be valid for the scheduled Meeting.

Proxy Forms may be lodged using the reply paid envelope or:



ONLINE > www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, shareholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).



by mail:

iiNet Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia



by fax:

+61 2 9287 0309



by hand:

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.

**If you would like to attend and vote at the Annual General Meeting, please bring this form with you.
This will assist in registering your attendance.**