

ASX

Release

The Manager
Company Announcements Office
Australian Securities Exchange
Level 40, Central Park
152 – 158 St Georges Terrace
Perth WA 6000

Dear Sir/Madam,

ACCC Outcome and Declaration of Discretionary Special Dividend

21 August 2015: iiNet Limited (“iiNet”) is pleased to acknowledge the Australian Competition and Consumer Commission’s decision to not oppose the proposed acquisition of iiNet by TPG Telecom Limited (“TPG”). The Scheme remains subject to approval from Federal Court of Australia at the Second Court Hearing to be held later today.

In accordance with the provisions of the Scheme Implementation Agreement between iiNet and TPG, on 20 August 2015 the iiNet Board determined to pay a fully franked special dividend (“Discretionary Special Dividend”) of \$0.6914 per iiNet share, conditional on the Scheme becoming effective¹. iiNet Shareholders who hold iiNet shares at the Dividend Record Date (currently expected to be 5.00pm WST on Thursday, 27 August 2015) will receive the dividend.

In accordance with the terms of the Scheme, as a result of the Discretionary Special Dividend being less than \$0.75 per iiNet share, TPG will pay Top-Up Cash Consideration of \$0.0586 per iiNet share to those iiNet Shareholders who hold iiNet shares at the Scheme Record Date (currently expected to be 5.00pm WST on Monday, 31 August 2015).

If the Scheme becomes effective, iiNet Shareholders will receive the Scheme Consideration, including the Discretionary Special Dividend and Top-Up Cash Consideration on the Implementation Date, which is currently expected to be Monday, 7 September 2015. The Total Consideration to be paid to Scheme Shareholders who either made a valid Share Election or who made (or are deemed to have made) a Cash Election is therefore as follows:

¹ The Scheme is expected to become effective on 24 August 2015 if it is approved by the Federal Court of Australia at the Second Court Hearing.

Total Consideration to be provided for Share Elections:

As announced on 22 July 2015, iiNet Shareholders who made a valid Share Election will receive, for each iiNet Share held continuously from the Election Date until the Scheme Record Date:

- **0.5533²** New TPG Shares;
- **\$3.8286** in cash, consisting of:
 - **\$3.77²** per iiNet share; plus
 - **\$0.0586** per iiNet share as Top-Up Cash Consideration; and
- **\$0.6914** per iiNet share by way of the fully franked Discretionary Special Dividend, payable in cash.

Total Consideration to be provided for Cash Elections:

iiNet Shareholders who made (or are deemed to have made) a Cash Election will receive \$9.55 per iiNet Share, consisting of:

- Cash Consideration of **\$8.80** per iiNet share;
- **\$0.0586** per iiNet share as Top-Up Cash Consideration; and
- **\$0.6914** per iiNet share by way of the fully franked Discretionary Special Dividend, payable in cash.

Shareholder Information Line and Scheme Website

iiNet shareholders requiring further information should contact iiNet's Shareholder Information Line on 1300 812 892 (within Australia) or +61 2 9098 9204 (outside Australia) or visit the Scheme website at www.iinetscheme.net.au.

– ENDS –

For further information please contact:

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² The share and cash consideration for Share Elections has been rounded for the purposes of this announcement. The actual calculation will apply the full formula set out in the Scheme Implementation Agreement.

About iiNet

iiNet is Australia's second largest DSL Internet Service Provider and the leading challenger in the telecommunications market. Publicly listed on the ASX 200, this billion-dollar company has been recognised as a global leader in customer service, winning a silver medal at the Contact Centre World Awards in 2014.

We employ more than 2,500 inquisitive staff across three countries – 80 per cent of whom are employed to directly service nearly one million customers. We maintain our own broadband network and support over 1.8 million broadband, telephony and Internet Protocol TV (IPTV) services nationwide.

We're committed to making it simple for all Australians to connect across both our own network and on the NBN. Our vision is to lead the market with services that harness the potential of the Internet and then differentiate with award-winning customer service.



A full list of current awards can be viewed at iiNet Awards
<http://www.iinet.net.au/about/awards.html>

