

PACIFIC BRANDS

11 May 2009

The Manager
Company Announcements Office
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SYDNEY NSW 2000

Market Information Services
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11 Cable Street
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New Zealand

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Dear Sir/Madam,

Please find attached, for release to the market, an announcement from Pacific Brands Limited announcing an equity capital raising and an investor presentation.

Yours faithfully
Pacific Brands Limited



John Grover
Company Secretary

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PACIFIC BRANDS LIMITED ANNOUNCES EQUITY CAPITAL RAISING TO RAISE UP TO \$256 MILLION

Pacific Brands Limited (“Pacific Brands”) today launched an equity capital raising to raise up to \$256 million through an accelerated non-renounceable entitlement offer and institutional placement (the “Offer”).

The proceeds of the Offer will be used to reduce existing debt and for working capital purposes. The institutional component of the Offer of \$154 million is fully underwritten.

Chief Executive Officer, Ms Sue Morphet, said: “This capital raising will improve Pacific Brands’ balance sheet and provide the company with additional financial flexibility.”

“The raising will place Pacific Brands in a much stronger financial position and better position the company to withstand any further softening in the retail environment.”

“Based on the underwritten proceeds of \$154 million, the company’s pro-forma gearing will be reduced from 3.2x to 2.6x.”

“The raising will allow Pacific Brands to continue to implement strategies and maximise opportunities through the business cycle.”

As previously announced, Pacific Brands has recently refinanced its debt facilities and the next significant maturity will not be until March 2012.

Overview of the Offer

The capital raising comprises a \$30 million fully underwritten institutional placement (“Placement”) and a non-renounceable 3 for 4 pro-rata entitlement offer (“Entitlement Offer”) to all eligible shareholders.

The Entitlement Offer comprises a fully underwritten institutional component of \$124 million (“Institutional Entitlement Offer”) and a non-underwritten retail component of up to \$102 million (“Retail Entitlement Offer”).

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 3 new Pacific Brands shares (“New Shares”) for every 4 existing Pacific Brands shares (“Existing Shares”) held as at 7:00pm (AEST) on 14 May 2009 (“Record Date”).

The offer price is fixed at \$0.60 per New Share. This represents a 22.1% discount to the closing price of Pacific Brands shares on 8 May 2009 and a 13.9% discount to the theoretical ex-entitlement price¹. All New Shares will rank equally with Existing Shares from allotment.

The entitlements (“Entitlements”) are non-renounceable and will not be tradeable on the Australian Securities Exchange (“ASX”) or the New Zealand Exchange (“NZX”) or otherwise transferable.

Eligible shareholders who do not take up their full Entitlement will not receive any value in respect of Entitlements they do not take up. Shareholders who are not eligible to receive Entitlements will not receive any value in respect of Entitlements they would have received had they been eligible.

Pacific Brands also reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to eligible shareholders, or persons claiming to be eligible shareholders, if their claims prove to be overstated or otherwise incorrect or if they fail to provide information to substantiate their claims.

Pacific Brands expects to announce the outcome of the Institutional Entitlement Offer and Placement to the market by 13 May 2009, with trading on ASX and NZX expected to resume at commencement of trading on 13 May 2009.

Indicative timetable²

Event	Date
Placement and Institutional Entitlement Offer period	11—12 May 2009
Institutional Bookbuild opens	Monday, 11 May 2009
Institutional Bookbuild closes	Tuesday, 12 May 2009 (9am AEST)
Ordinary Shares recommence trading	By Wednesday, 13 May 2009
Record Date	Thursday, 14 May 2009 (7pm AEST time)
Retail Entitlement Offer opens	Tuesday, 19 May 2009
Offer document despatched to Eligible Retail Shareholders	Tuesday, 19 May 2009
Institutional settlement date	Friday, 22 May 2009
Institutional trading date	Monday, 25 May 2009
Retail Entitlement Offer closes	Thursday, 4 June 2009
Retail Entitlement Offer settlement date	Thursday, 11 June 2009
Retail allotment date	Friday, 12 June 2009
Retail trading date	Monday, 15 June 2009

Debt reduction

Pacific Brands intends to use the proceeds of the Offer to pay down Pacific Brands’ syndicated debt facility and for working capital purposes.

Based on the underwritten proceeds of \$154 million and the associated debt reduction, the pro-forma impact on key covenants will be as follows:

¹ The theoretical ex-entitlement price is the theoretical price at which Pacific Brands shares should trade immediately after the ex-date for the entitlement offer assuming 100% take-up of the entitlement offer. The theoretical ex-entitlement price is a theoretical calculation only and the actual price at which Pacific Brands shares trade immediately after the ex-date for the entitlement offer will depend on many factors and may not be equal to the theoretical ex-entitlement price.

² The above timetable is indicative only and subject to change. Pacific Brands, in conjunction with the Lead Manager and subject to the Corporations Act, the ASX Listing Rules and other applicable laws, has the right to vary any of the above dates without notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

As at 31 December 2008	Pre-Offer	Post-Offer Pro-Forma³	Current Covenant
Gearing ¹	3.2x	2.6x	<3.5x
Interest Cover ²	3.6x	4.4x	>3.0x

Notes:

1. Gearing ratio is defined as Total Net Debt as at end of the relevant period to EBITDA for the relevant period.
2. Interest Cover ratio is defined as EBITDA for the 12 months less Net Capital Expenditure to Interest Expense for the relevant period.
3. Pro forma operating EBITDA Interest cover for the 12 months ended 31 December 2008 (assuming no proceeds are received under the Retail Entitlement Offer), assumes that the entire estimated net proceeds of approximately \$148.5 million have been used to repay debt that was drawn under syndicated loan facilities as at 1 January 2008, with an interest saving at the rate of 8.4%, which represents the current average actual interest rate.

Based on the proceeds of \$256 million (assuming 100% acceptance of the Retail Entitlement Offer for illustrative purposes only) and the associated debt reduction amount, the pro forma impact on key covenants will be as follows:

As at 31 December 2008	Pre-Offer	Post-Offer Pro-Forma³	Current Covenant
Gearing ¹	3.2x	2.2x	<3.5x
Interest Cover ²	3.6x	5.3x	>3.0x

Notes:

1. Gearing ratio is defined as Total Net Debt as at end of the relevant period to EBITDA for the relevant period.
2. Interest Cover ratio is defined as EBITDA for the 12 months less Net Capital Expenditure to Interest Expense for the relevant period.
3. Pro forma operating EBITDA Interest cover for the 12 months ended 31 December 2008 (assuming 100% of proceeds are received under the Retail Entitlement Offer), assumes that the entire estimated net proceeds of approximately \$249.2 million have been used to repay debt that was drawn under syndicated loan facilities as at 1 January 2008, with an interest saving at the rate of 8.4%, which represents the current average actual interest rate.

Pacific Brands 2010 Strategy Update

On 25 February 2009, Pacific Brands announced Pacific Brands 2010 Strategy, which focuses on primary businesses and brands that have and will deliver the majority of Pacific Brands' performance. This strategy seeks to realise significant cost savings and capital injection through:

- a complete sourcing overhaul;
- discontinuing small labels and brands to reduce complexity and cost;
- divesting non-core businesses;
- selling properties (with operations relocating or, where appropriate, continuing in existing premises under lease from new owners);
- driving efficiencies and continual improvement processes throughout the business; and
- achieving corporate savings such as office space consolidation and the relocation of head office functions into existing Pacific Brands facilities.

As foreshadowed in the 25 February 2009 release, Pacific Brands 2010 is designed to deliver:

- significantly less complexity;
- strategic realignment and positioning;
- reduction in the cost of doing business;
- annualised cost savings of more than \$150 million by FY11; and
- capital released from property sales, with potentially more from business divestments, to be used in addition to the cost savings to provide balance sheet flexibility.

Pacific Brands has been working on all aspects of the strategy since its announcement on 25 February 2009. In particular, since that release, Pacific Brands has commenced a number of separate processes in respect of potential non-core business, brand and property divestments. Pacific Brands has received a large number of expressions of interest from a diverse range of parties in relation to possible divestments of non-core assets and, as a result, Pacific Brands is

currently in discussions with a number of third parties. Discussions with third parties are incomplete and predominantly at an early stage and it is not possible to assess at this time whether they will result in transactions.

The non-core businesses which are subject to potential divestment represent approximately 22% of the total group sales and less than 15% of the total group EBITA of Pacific Brands. Pacific Brands has made it clear in discussions that it will only proceed with divestments of any businesses if they deliver what Pacific Brands regards as fair value and are on acceptable commercial terms.

With each potential divestment of non-core businesses, Pacific Brands is carefully weighing up the benefits and costs, having regard to the aims of the Pacific Brands 2010 Strategy. Pacific Brands considers that the implementation of this strategy will significantly reposition Pacific Brands in the market place with a more focused offering. The extent of the strategic realignment and positioning will depend in part on the business divestments that Pacific Brands ultimately decides to proceed with.

As with any preliminary discussions and incomplete negotiations, there can be no guarantee that any such divestments will proceed. Pacific Brands is not committed to the divestment of any particular business if it considers that insufficient value would be delivered for that business. To the extent that such divestments proceed, Pacific Brands intends to apply the net proceeds from such divestments to reduction of debt.

Trading Update

As announced on 28 April 2009, Pacific Brands does not currently anticipate there will be a variation in operating profit before abnormal restructuring costs and income tax for the year ended 30 June 2009 of more than 15% from the result in the prior corresponding period.

Further Information

Retail shareholders who have questions regarding the Retail Entitlement Offer should call the Pacific Brands Shareholder Information Line on 1300 132 632 (from within Australia) or +61 3 9415 4184 (from outside Australia) at any time from 8:30am to 5:30pm (AEST) Monday to Friday during the Retail Entitlement Offer period.

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This announcement contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Pacific Brands. These factors may include changes in consumer demand for Pacific Brands' products, damage to brands and associated consumer images under which Pacific Brands' products are sold, fluctuations in the value of the Australian dollar, damage to Pacific Brands' relationships with its customers, suppliers and service providers, a breach by Pacific Brands of its debt covenants, increased competition, loss of key personnel, litigation and disputes, counterparty and credit risk, acquisitions and new business, change in operations, interest rate risk, market price fluctuations, general economic conditions, taxation, regulatory issues and changes in law and accounting policies. There can be no assurance that actual outcomes will not differ materially from these statements.

This announcement is not financial product or investment advice nor a recommendation to acquire Pacific Brands shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

Pacific Brands is not licensed to provide financial product advice in respect of Pacific Brands shares.

An investment in Pacific Brands shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Pacific Brands Group, including possible loss of income and principal invested. Pacific Brands does not guarantee any particular rate of return or the performance of the Pacific Brands Group, nor does it guarantee the repayment of capital from Pacific Brands or any particular tax treatment. In considering an investment in Pacific Brands shares, investors should have regard to (amongst other things) the risks and disclaimers outlined in the Presentation released to ASX on 11 May 2009.

This announcement contains certain financial data that is "non-GAAP financial measures" under Regulation G under the U.S. Securities Act of 1934, as amended. For example, the announcement presents gearing and interest coverage ratios for Pacific Brands that are calculated in accordance with Pacific Brands' debt covenants. These measures are not measures of or defined terms of financial performance, liquidity or value under AIFRS or U.S. GAAP. Moreover, certain of these measures may not be comparable to similarly titled measures of other companies.

Stock Lending and Other Transactions

Eligible shareholders will be entitled to apply under the Entitlement Offer for a certain number of New Shares for each Existing Share held as at the Record Time. Pacific Brands has been granted a waiver by ASX so that, in determining shareholder Entitlements for the Entitlement Offer, it may ignore any changes in shareholdings that occur after the announcement of the Entitlement Offer (other than registrations of transactions that were effected through ITS before that announcement).

Accordingly, a person who is a registered eligible shareholder at the Record Time as a result of a dealing after the announcement of the Entitlement Offer (other than the registration of a transaction effected through ITS before that announcement) may not be entitled to receive an Entitlement under the Entitlement Offer.

In the event that an eligible shareholder has Existing Shares out on loan at the Record Time, the borrower will be regarded as the shareholder for the purposes of determining the Entitlement (provided that those borrowed shares have not been on-sold or transferred).

Pacific Brands

Strengthens Capital Position

11 May 2009

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Disclaimer

This presentation (**Presentation**) has been prepared by Pacific Brands Limited (ABN 64 106 773 059) (**Pacific Brands**).

Summary information

This Presentation contains summary information about Pacific Brands and its subsidiaries (**Pacific Brands Group**) and their activities and is dated 11 May 2009. The information in this Presentation does not purport to be complete or comprehensive, and does not purport to summarise all information that an investor should consider when making an investment decision. It should be read in conjunction with Pacific Brands Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

Not financial product advice

This Presentation is for information purposes only and is not financial product or investment advice or a recommendation to acquire Pacific Brands shares and has been prepared without taking into account the objectives, financial situation or needs of any person. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

Pacific Brands is not licensed to provide financial product advice in respect of Pacific Brands shares. Cooling off rights do not apply to the acquisition of Pacific Brands shares.

Financial data

All dollar values are in Australian dollars (A\$) and financial data is presented within the financial year end of 30 June unless otherwise stated. The pro-forma historical financial information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the US Securities and Exchange Commission. This Presentation contains certain financial data that is "non-GAAP financial measures" under Regulation G under the U.S. Securities Exchange Act of 1934, as amended. For example, the Presentation presents gearing and interest coverage ratios for Pacific Brands, which are calculated in accordance with Pacific Brands' debt covenants. These measures are not measures of or defined terms of financial performance, liquidity or value under AIFRS or U.S. GAAP. Moreover, certain of these measures may not be comparable to similarly titled measures of other companies.

Risks of investment

An investment in Pacific Brands shares is subject to investment and other known and unknown risks, some of which are beyond the control of the Pacific Brands Group, including possible loss of income and principal invested. Pacific Brands does not guarantee any particular rate of return or the performance of the Pacific Brands Group, nor does it guarantee the repayment of capital from Pacific Brands or any particular tax treatment. In considering an investment in Pacific Brands shares, investors should have regard to (amongst other things) the risks outlined in this Presentation.

Forward-looking statements

This Presentation contains certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan", "consider", "foresee", "aim", "will" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Pacific Brands. These factors may include changes in consumer demand for Pacific Brands' products, damage to brands and associated consumer images under which Pacific Brands' products are sold, fluctuations in the value of the Australian dollar, damage to Pacific Brands' relationships with its customers, suppliers and service providers, a breach by Pacific Brands of its debt covenants, increased competition, loss of key personnel, litigation and disputes, counterparty and credit risk, acquisitions and new business, change in operations, interest rate risk, market price fluctuations, general economic conditions, taxation, regulatory issues and changes in law and accounting policies. There can be no assurance that actual outcomes will not differ materially from these statements.

To the full extent permitted by law, Pacific Brands and its directors, officers, employees, advisers, agents and intermediaries disclaim any obligation or undertaking to release any updates or revisions to the information to reflect any change in expectations or assumptions.

Past performance

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

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Not an offer

This Presentation is not and should not be considered an offer or an invitation to acquire Pacific Brands shares or any other financial products. This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any 'US person' (as defined in Regulation S under the Securities Act of 1933, as amended (**Securities Act**) (**U.S. Person**)). Pacific Brands shares have not been, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to any person that is, or is acting for the account or benefit of, a US Person without being so registered or pursuant to an exemption from the registration—requirements of the Securities Act. Any public offering of Pacific Brands shares in the United States will be made by means of a prospectus that contains detailed information about Pacific Brands and the management of its business, as well as financial statements.

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UBS makes no recommendation as to whether you should participate in the institutional placement or the accelerated non-renounceable pro-rata entitlement offer, nor otherwise with respect to the capital raising. UBS has received fees for engagements by Pacific Brands, and will receive fees for its engagement in connection with the capital raising.

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Overview

- Pacific Brands is undertaking an equity issue to strengthen its balance sheet and provide the company with additional financial flexibility
- Pacific Brands is seeking to raise up to \$256 million:
 - Up to \$226 million via a 3 for 4 non-renounceable entitlement offer
 - \$30 million via an institutional placement
- The institutional component of the offer of \$154 million has been fully underwritten
- The net proceeds of the capital raising will be used to pay down debt and for working capital purposes
 - No significant debt refinancing until March 2012
 - Significant headroom in banking covenants

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Offer details

The capital raising will raise a minimum of \$154 million

3 for 4 non- renounceable entitlement offer

- \$124 million institutional entitlement offer fully underwritten
- Up to \$102 million non-underwritten retail entitlement offer
- \$0.60 offer price
 - 22.1% discount to last close
 - 13.9% discount to theoretical ex-entitlement price¹
- All shareholders will have the opportunity to participate
 - 3 new shares for every 4 existing shares

Institutional placement

- \$30 million institutional placement
- \$0.60 offer price
- Fully underwritten

Note:

1. The theoretical ex-entitlement price is the theoretical price at which Pacific Brands shares should trade immediately after the ex-date for the entitlement offer assuming 100% take-up of the entitlement offer. The theoretical ex-entitlement price is a theoretical calculation only and the actual price at which Pacific Brands shares trade immediately after the ex-date for the entitlement offer will depend on many factors and may not be equal to the theoretical ex-entitlement price.

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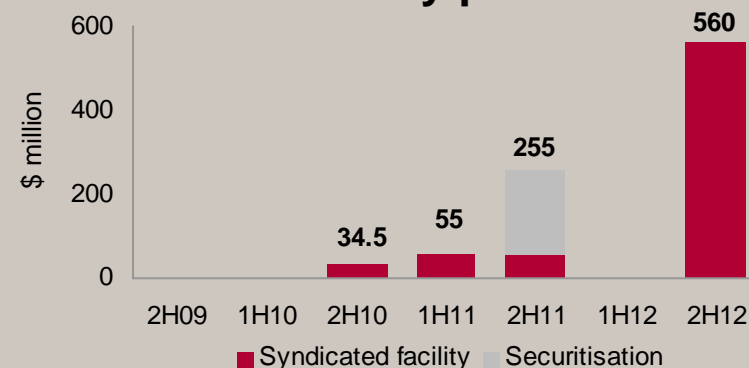
Debt maturity profile

- Debt facilities' maturities extended on 21 April 2009
- Fully supported by existing banking group
- Banking covenants remain unchanged

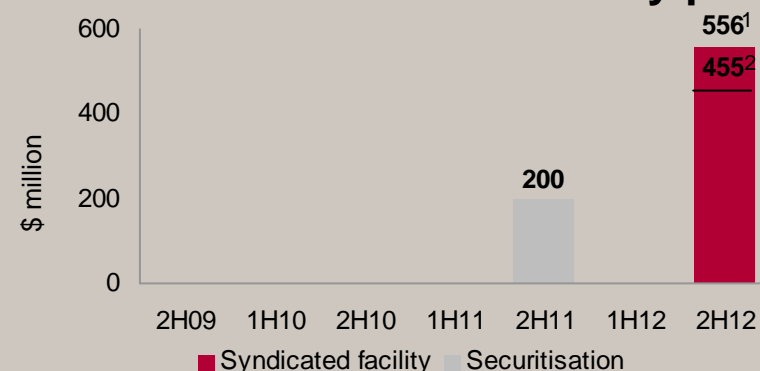
(\$ million)	Maturity date	Drawn at 31-Dec-08	Current facility
Tranche 1*	1-Jan-11	144.5	220.0
Tranche 2	28-Mar-12	310.0	330.0
Tranche 3	28-Mar-12	250.0	250.0
Securitisation	15-Mar-11	200.0	250.0
		904.5	1,050.0
Cash		93.7	
Net debt		810.8	

*Note: Tranche 1 is amortising \$55.0 million every six months until fully repaid on 1 January 2011.

Drawn debt maturity profile



Post Offer drawn debt maturity profile



Notes:

1. Assumes the entire net underwritten proceeds of approximately \$148.5 million have been used to repay debt
2. Assumes 100% take-up of the Retail Entitlement Offer and the entire net proceeds of approximately \$249.2 million have been used to repay debt

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Pro-forma credit metrics

- The net proceeds of the capital raising will be used to pay down Pacific Brands' syndicated facility and used for working capital purposes
- Significant headroom in covenant credit metrics post raising

	31-Dec-08	Post Offer Pro-forma ³ (Underwritten proceeds only)	Post Offer Pro-forma ⁴ (Underwritten proceeds + 100% take-up of Retail Entitlements)	Current covenant
Net debt (\$m)	810.8	662.3	561.6	na
Gross debt (\$m)	904.5	756.0	655.3	na
Gearing ¹ (x)	3.2	2.6	2.2	<3.5
Interest cover ² (x)	3.6	4.4	5.3	>3.0

Notes:

1. Gearing ratio is defined as Total Net Debt as at end of the relevant period to EBITDA for the relevant period.
2. Interest Cover ratio is defined as EBITDA for the 12 months less Net Capital Expenditure to Interest Expense for the relevant period.
3. Pro-forma operating EBITDA Interest cover for the 12 months ended 31 December 2008 (assuming no proceeds are received under the Retail Entitlement Offer), assumes that the entire estimated net proceeds of approximately \$148.5 million have been used to repay debt that was drawn under syndicated loan facilities as at 1 January 2008, with an interest saving at the rate of 8.4%, which represents the current average actual interest rate.
4. Pro-forma operating EBITDA Interest cover for the 12 months ended 31 December 2008 (assuming 100% of proceeds are received under the Retail Entitlement Offer), assumes that the entire estimated net proceeds of approximately \$249.2 million have been used to repay debt that was drawn under syndicated loan facilities as at 1 January 2008, with an interest saving at the rate of 8.4%, which represents the current average actual interest rate.

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Pacific Brands 2010 Strategy update

- On 25 February 2009, Pacific Brands announced the Pacific Brands 2010 Strategy, which focuses on primary businesses and brands that have and will deliver the majority of Pacific Brands' performance
- This strategy seeks to realise significant cost savings
- Pacific Brands has been working on all aspects of the strategy since its announcement on 25 February 2009
- In particular, Pacific Brands has commenced a number of separate processes in respect of potential non-core business, brand and property divestments
 - Pacific Brands has received a large number of expressions of interest and is currently in discussions with a number of third parties
 - Discussions with third parties are incomplete and predominantly at an early stage and it is not possible to assess at this time whether they will result in transactions
 - Pacific Brands is not committed to the divestment of any particular business if it considers that insufficient value would be delivered for that business

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Trading update

- Pacific Brands provided an update to ASX on 28 April 2009
- Pacific Brands does not currently anticipate there will be a variation in operating profit before abnormal restructuring costs and income tax for the year ended 30 June 2009 of more than 15% from the result in the prior corresponding period

Key Risks

This section discusses some of the key risks associated with an investment in Pacific Brands. Before investing in Pacific Brands, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on Pacific Brands (such as that available on the websites of Pacific Brands and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

Specific Risks

Consumer demand – Pacific Brands' operating and financial performance is dependent on consumer demand for its products. If Pacific Brands does not deliver products that appeal to consumers or if there is a decline in consumer demand for Pacific Brands' products, Pacific Brands' financial and operating performance could be materially adversely affected. If production costs increase and Pacific Brands seeks to pass on such increases to consumers through higher prices, this could result in a reduction in consumer demand for Pacific Brands' products and a fall in revenue.

Exchange rates – A substantial proportion of Pacific Brands' products sold to the Australian retail marketplace are sourced offshore and therefore Pacific Brands may be exposed to rapid and material movements in exchange rates (including the AUD/USD exchange rate) to the extent that they are not hedged.

Adverse movements in exchange rates relating to either finished products or raw material costs, or increased price competitiveness in response to movements in exchange rates may materially adversely impact the operations and financial performance and cash flows of Pacific Brands in the future.

Pacific Brands' 2010 Strategy – On 25 February 2009, Pacific Brands announced the 'Pacific Brands 2010 Strategy' which is intended to focus effort on primary businesses and brands that have and will deliver the majority of Pacific Brands' performance. This strategy seeks to realise significant costs savings and capital injection through a number of projects including but not limited to the divestment of non-core businesses. While at present the strategy is on track, it must be emphasised that the process is multi-faceted and complex. Success of the overall strategy is highly dependent on the success of a number of individual projects, which in a number of cases are themselves inter-dependent on other projects. As a result, the final outcomes cannot be reliably predicted at this stage. A failure to achieve the required outcomes on one or more of the projects could therefore have an adverse effect on Pacific Brands' ability to deliver the overall anticipated strategic outcomes and cost savings for the group.

Asset sales – As part of Pacific Brands' 2010 Strategy, Pacific Brands has commenced a number of separate processes in respect of potential non-core business divestments. Pacific Brands has received a large number of expressions of interest from a diverse range of parties in relation to possible divestments and, as a result, Pacific Brands is currently in discussion with a number of third parties. Discussions with third parties are incomplete and predominately at an early stage and it is not possible to assess at this time whether they will result in transactions. As with any preliminary discussions and incomplete negotiations, there can be no guarantee that any such divestments will proceed. Pacific Brands is not committed to the divestment of any particular business if it considers that insufficient value would be delivered for that business. Moreover, the potential divestments could involve the sale of non-core businesses that generate significant sales and earnings, which would need to be balanced against the value the divestment would deliver to Pacific Brands.

Retailer relationships – Any adverse change in Pacific Brands' existing relationships with key retailers could have a material adverse impact on the ability of Pacific Brands to achieve its financial forecasts. Any action by retailers to reduce their inventories could also result in a fall in revenue for Pacific Brands.

Brands – The brands and associated consumer images under which Pacific Brands' products are sold are key assets. If those brands are damaged or lose their market appeal, or Pacific Brands loses the right to use the brands, Pacific Brands' operating and financial performance could be materially adversely impacted.

In addition, as fashion trends change rapidly, if Pacific Brands does not design and deliver products that appeal to consumers, Pacific Brands' financial performance and cash flows may be materially adversely impacted.

Debt covenants – Pacific Brands has various covenants in relation to its banking facilities. Factors such as a decline in Pacific Brands' operational and financial performance could lead to a breach in debt covenants. In such an event Pacific Brands' lenders may require their loans to be repaid immediately.

Competition – The Australian textile, clothing and footwear (TCF) industry is very fragmented. Pacific Brands' competitors include a limited number of major participants and a large number of small to medium companies. The actions of competitors or changes in consumer preferences may materially adversely affect Pacific Brands' financial performance and cash flows. Pacific Brands' financial performance and cash flows may also be affected by changes in retailers' sourcing of unbranded/housebrand products.

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Key Risks

Product sourcing – Risks associated with Pacific Brands' product sourcing strategy include any change in existing relationships (including the termination of any key supply arrangements), any further change in tariff arrangements, any change in terms or conditions of overseas suppliers, and any change in the international political or economic environment. These risks may lead to material adverse changes to Pacific Brands' operational and financial performance.

Supply chain management – Pacific Brands has established an extensive and reliable supply chain that allows it to procure and deliver products to customers in a timely and efficient manner. Disruption to any aspect of the Pacific Brands' supply chain could have a material adverse impact on Pacific Brands' operational and financial performance and cash flows.

Loss of key personnel – The Pacific Brands Group is reliant on retaining and attracting quality senior executives and other employees. The loss of the services of any of Pacific Brands' senior management or key personnel, or the inability to attract new qualified personnel, could adversely affect the Pacific Brands Group's operations.

Litigation and disputes – Legal and other disputes may arise from time to time in the ordinary course of operations. Any such dispute may impact on earnings or affect the value of Pacific Brands' assets.

Counterparty/credit risk – Third parties, such as customers, suppliers and other counterparties to contracts may not be willing or able to perform their obligations to the Pacific Brands Group. Pacific Brands provides credit to its customers in the ordinary course of its business. The inability of a customer to pay its debts may have an impact on the profitability of Pacific Brands.

Acquisitions / new business – In undertaking its business (including pursuing opportunities for future growth), Pacific Brands may undertake strategic acquisitions to add to its existing business. To finance such acquisitions, Pacific Brands may incur additional indebtedness as permitted under its financing facilities and may seek to raise capital. Pacific Brands will face operational and financial risks in relation to acquisitions which means that it may take a substantial period of time to completely realise an acquisition's full benefit.

Operations – Pacific Brands is exposed to a range of operational risks including equipment failures and other accidents, IT system failure, industrial action or disputes, lease renewals, damage by third parties, floods, fire, major cyclone, earthquake, terrorist attack or other disaster. These risks may have a material adverse impact on Pacific Brands' financial performance and cash flows.

Interest rate risk – Adverse fluctuations in interest rates, to the extent that they are not hedged, may impact Pacific Brands' earnings.

General Risks

Market price – The market price of Pacific Brands' shares will fluctuate due to various factors including general movements in commodity prices, the Australian and international investment markets, economic conditions, global geopolitical events and hostilities, consumer confidence, investor perceptions and other factors that may affect Pacific Brands Group's financial performance and position. The market price of Pacific Brands' shares could trade on ASX at a price below their issue price.

General economic conditions – Pacific Brands' operating and financial performance is influenced by a variety of general economic and business conditions including the level of inflation, interest rates, exchange rates, commodity price, ability to access funding, overall supply and demand conditions and government fiscal, monetary and regulatory policies. Prolonged deterioration in these conditions, including an increase in interest rates, an increase in the cost of capital or a decrease in consumer demand, could have a materially adverse impact on Pacific Brands' operating and financial performance. This risk is heightened in the current uncertain economic environment.

Taxation implications – Future changes in Australian taxation law, or changes in the interpretation or application of the law, may affect taxation treatment of an investment in Pacific Brands' shares, or the holding and disposal of those shares. Further changes in tax law or changes in the interpretation or application of the law, in the various jurisdictions in which the Pacific Brands Group operates, may impact the future tax liabilities of the Pacific Brands Group.

Regulatory issues and changes in law – Pacific Brands is subject to the usual business risk that there may be changes in laws that reduce income or increase costs.

Changes in accounting policy – Pacific Brands is subject to the usual business risk that there may be changes in accounting policies which have an adverse impact on Pacific Brands.

PACIFIC BRANDS

Indicative timetable

Event	Date
Placement and Institutional Entitlement Offer period	11—12 May 2009
Institutional Bookbuild opens	Monday, 11 May 2009
Institutional Bookbuild closes	Tuesday, 12 May 2009 (9am AEST time)
Ordinary Shares recommence trading	By Wednesday, 13 May 2009
Record Date	Thursday, 14 May 2009 (7pm AEST time)
Retail Entitlement Offer opens	Tuesday, 19 May 2009
Offer document despatched to Eligible Retail Shareholders	Tuesday, 19 May 2009
Institutional settlement date	Friday, 22 May 2009
Institutional trading date	Monday, 25 May 2009
Retail Entitlement Offer closes	Thursday, 4 June 2009
Retail Entitlement Offer settlement date	Thursday, 11 June 2009
Retail allotment date	Friday, 12 June 2009
Retail trading date	Monday, 15 June 2009

Note: The above timetable is indicative only and subject to change. Pacific Brands, in conjunction with the Lead Manager and subject to the Corporations Act, the ASX Listing Rules and other applicable laws, has the right to vary any of the above dates without notice. The commencement of quotation of New Shares is subject to confirmation from ASX.

PACIFIC BRANDS

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Disclaimers—Foreign jurisdictions

New Zealand

The disclosure materials do not constitute a prospectus or investment statement and have not been registered, filed with or approved by any New Zealand regulatory authority under or in connection with the Securities Act 1978 (New Zealand).

The disclosure materials are being distributed in New Zealand only to, (a) persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; (b) persons who are each required to pay a minimum subscription price of at least NZ\$500,000 for the securities before the allotment of those securities; or (c) persons to whom securities may be offered in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2002. Under the institutional offer new shares are not being offered to any other person in New Zealand. Any investor who acquires new shares under the institutional offer must not, in the future, sell those new shares in a manner that will, or that is likely to, result in the sale of the new shares being subject to the New Zealand Securities Act 1978 or that may result in Pacific Brands or its Directors incurring any liability whatsoever.

United States

This presentation does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither this presentation nor anything contained in it shall form the basis of any contract or commitment. In particular, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any "U.S. person" (as defined in Regulation S under the Securities Act of 1933, as amended (the "U.S. Securities Act")). This document may not be distributed or released in the United States or to, or for the account or benefit of, any U.S. Person.

The securities in the proposed offering have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities in the proposed offering may not be offered, or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

By accepting this presentation you agree to be bound by the foregoing limitations.

Germany

No offer in respect of the new shares will be made in Germany, other than to qualified investors as defined in Sec. 2 No. 6 of the German Securities Prospectus Act (Wertpapierprospektgesetz) or in circumstances where the offer of new shares is exempt from the publication of a prospectus according to the German Securities Prospectus Act.

Therefore, neither this document nor any accompanying letter or other document has been or will be submitted for approval to the Federal Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) and accordingly no such document may be communicated to the public in Germany in any form and by any means. Any offer or solicitation within Germany made in connection with the new shares must be in full compliance with the German Securities Prospectus Act.

United Kingdom

The disclosure materials are only being distributed to, and are only directed at, persons in the United Kingdom that are qualified investors and also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "FSMA Order"); or (ii) high net worth entities or other persons falling within Article 49(2)(a) to (d) of the FSMA Order (all such persons together being referred to as "Relevant Persons"). The disclosure materials and their contents are confidential and should not be distributed, published or reproduced (in whole part) or disclosed by recipients to any other person in the United Kingdom as this may contravene the Financial Services Markets Act 2000 ("FSMA"). Any investment or investment activity to which the disclosure materials relate is available in the United Kingdom, to Relevant Persons only. Any person in the United Kingdom that is not a Relevant Person should not act or rely on the disclosure materials or any of their contents.

Switzerland

The new shares and entitlements may not be offered or sold in Switzerland except in circumstances that will not result in the offer of the new shares and the entitlements being a public offering in Switzerland pursuant to article 652a of the Swiss Code of Obligations ("CO"). Accordingly, investors will not be protected by the provisions of the CO or any other Swiss law. Neither the disclosure materials nor any other offering or marketing material relating to the new shares and the entitlements constitute a prospectus pursuant to article 652a CO or any other Swiss law.

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Netherlands

The new shares and entitlements may only be offered, sold, transferred or delivered at any time by anyone in or from the Netherlands as part of their initial distribution or any time thereafter, directly or indirectly to qualifying investors (gekwalificeerde beleggers) as such term is defined in Section 1:1 of the Act on Financial Supervision (Wet op het financieel toezicht), including – but not limited to – banks, brokers, dealers, and institutional investors holding a license or being otherwise regulated to be active on the financial markets or undertakings whose only corporate object is investing in securities.

Norway

The disclosure materials have not been approved by, or registered with, any Norwegian securities regulators pursuant to the Norwegian Securities Trading Act of 29 June 2007, as amended. The disclosure materials and any other materials in connection with the offer relating to Norway have not been approved or disapproved by, or registered with the Oslo Stock Exchange, the Norwegian FSA, the Norwegian Registry of Business Enterprises or any other Norwegian authority. Accordingly, neither the disclosure materials nor any other offering material relating to the offering of the new shares and entitlement constitutes, or shall be deemed to constitute, an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007. The new shares and entitlements may not be offered or sold, directly or indirectly, in Norway except;

- (i) in respect of an offer of new shares and entitlements addressed to investors subject to a minimum purchase of new shares and entitlements for a total consideration of not less than €50,000 per investor;
- (ii) to "professional investors" as defined in the Norwegian Securities Regulation of 29 June 2007 no. 876, being;
 - (A) legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
 - (B) any legal entity which is registered as a professional investor with the Oslo Stock Exchange (No. Oslo Børs) and which has two or more of; (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000; (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
 - (C) any natural person which is registered as a professional investor with the Oslo Stock Exchange (No. Oslo Børs) and which has two or more of; (1) an average execution of at least ten – 10 – transactions in securities of significant volume per quarter for the last four quarters; (2) a portfolio of securities with a market value of at least €500,000; (3) worked or works,

Norway (cont)

for at least one – 1 – year, within the financial markets in a position which presuppose knowledge of investing in securities;

- (D) to fewer than 100 natural or legal persons (other than 'professional investors' as defined in the Norwegian Securities Regulation of 29 June 2007 no. 876), subject to obtaining the prior consent of the Underwriter for any such offer;
- (E) in any other circumstances provided that no such offer of new shares and entitlements shall result in a requirement for the registration, or the publication by the Pacific Brands or the Underwriter of prospectus pursuant to the Norwegian Securities trading Act of 29 June 2007.

France

Prospective investors are informed that no prospectus (including any amendment, supplement or replacement thereto) has been or will be prepared in connection with the offering of the new shares and entitlements that has been approved by the Autorité des marchés financiers or by the competent authority of another State that is contracting party to the Agreement on the European Economic Area and notified to the Autorité des marchés financiers. No prospectus subject to the approval (visa) of the French market Authority (Autorité des Marchés Financiers) has been, or will be, prepared in connection with the new shares.

The new shares and entitlements are not issued in the French Republic and the new shares and entitlements may not be offered or sold nor will be offered or sold to the public in the French Republic and neither this document nor any other material or other material or information relating to the new shares may be released, issued or distributed, caused to be released, issued or distributed, to the public in France, or used in connection with any offering of the new shares to the public in France, except that the new shares and entitlements may be offered exclusively to (i) persons licensed to provide the investment service of portfolio management for the account of third parties (personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers) and/or (ii) qualified investors (investisseurs qualifiés) acting for their own account, all as defined and in accordance with Article L. 411-1 and L. 411-2 II of the French Code Monétaire et Financier and applicable regulations thereunder.

Prospective investors are informed that (i) such prospective investors may only take part in the transaction solely for their own account, as provided in Articles D. 411-1, D 411-2 II, D 734-1, D 411-1, D. 754-1 and D. 764-1 of the French Code Monétaire et Financier and (ii) the new shares and entitlements may not be further distributed, directly or indirectly, to the public in the French Republic otherwise than in accordance with Article L. 411-1, L. 411-2 II, L. L. 412-1 and L.621-8 to L.621-8-3 of the French Code Monétaire et Financier and applicable regulations thereunder.

PACIFIC BRANDS

Disclaimers—Foreign jurisdictions

Singapore

This offer is made in reliance on certain exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), and is not made in or accompanied by a prospectus that is registered by the Monetary Authority of Singapore (the “Authority”). Conversely, the disclosure materials have not been and will not be registered as a prospectus with the Authority. Accordingly, the disclosure materials and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of new shares and entitlements may not be circulated or distributed, nor may new shares and entitlements be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where new shares and entitlements are subscribed or purchased under Section 275 by a relevant person which is:

- (i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, then the securities (as defined in Section 2 of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the new shares and entitlements pursuant to an offer made under Section 275 except:
 - (A) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such securities of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further (in the case of the corporation), the transfer of securities of that corporation arise from an offer made in accordance with the conditions specified in Section 275 of the SFA;
 - (B) where no consideration is or will be given for the transfer; or
 - (C) where the transfer is by operation of law.

Hong Kong

Important information for ‘professional’ and other legally permitted Hong Kong investors
WARNING

The contents of this document have not been reviewed or approved by any regulatory authority in Hong Kong. Recipients are advised to exercise caution in relation to any offer of new shares by Pacific Brands. If Recipients are in any doubt about any of the contents of this document, they should obtain independent professional advice.

The new shares and Entitlements have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document other than:

- (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap.571) of Hong Kong and any rules made under that ordinance; or
- (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap.32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance.

Further, no person shall issue or have in its possession for the purpose of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the new shares and entitlements, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to new shares and entitlements which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap.571) and any rules made under that ordinance.

The information relating to the offering contained herein may not be used other than by the person to whom it is addressed and may not be reproduced in any form or transferred to any person in Hong Kong.

This offering is not an offer for sale to the public in Hong Kong and it is not the intention of Pacific Brands that the new shares and entitlements be offered for sale to the public in Hong Kong.

PACIFIC BRANDS

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