

PACIFIC BRANDS

12 May 2009

The Manager
Company Announcements Office
Australian Securities Exchange
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SYDNEY NSW 2000

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Wellington
New Zealand

**NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO, OR FOR
THE ACCOUNT OR BENEFIT OF, U.S. PERSONS**

Dear Sir/Madam,

Please find attached, for release to the market, an announcement from Pacific Brands Limited announcing the completion of the institutional placement and the institutional component of the entitlement offer.

Yours faithfully
Pacific Brands Limited



John Grover
Company Secretary

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PACIFIC BRANDS LIMITED COMPLETES APPROXIMATELY \$165 MILLION INSTITUTIONAL CAPITAL RAISING

Pacific Brands Limited (“Pacific Brands”) today announced the successful completion of the institutional placement (“Placement”) and the institutional component of the accelerated non-renounceable entitlement offer (“Institutional Entitlement Offer”) which opened on Monday, 11 May 2009. In addition, the retail component of the entitlement offer (“Retail Entitlement Offer”) is now fully underwritten.

Chief Executive Officer, Ms Sue Morphet said: “The Placement and Institutional Entitlement Offer was well oversubscribed, with strong demand from new and existing institutional shareholders.”

“This successful equity raising reflects the strong support we have received from investors to improve Pacific Brands’ balance sheet and to provide the company with additional financial flexibility to withstand any further softening in the retail environment.”

“It also demonstrates the continued support of our Pacific Brands 2010 Strategy to streamline and simplify the company and give it the platform for continued growth.”

“The proceeds of this capital raising will better position the company to continue to implement strategies and maximise opportunities through the business cycle.”

Under the Institutional Entitlement Offer, eligible institutional shareholders were invited to participate pro-rata to their existing holdings by subscribing for 3 new Pacific Brands shares (“New Shares”) for every 4 existing Pacific Brands shares (“Existing Shares”), at a price of \$0.60 per New Share (“Entitlement”).

The institutional component of the capital raising will raise approximately \$165 million, comprising \$30 million from the Placement and approximately \$135 million from the Institutional Entitlement Offer.

A higher proportion of the register than expected was included in the Institutional Entitlement Offer, resulting in the Institutional Entitlement Offer amount being greater than previously announced. While the size of the total entitlement offer remains unchanged, the ratio of retail to institutional investors has changed.

In addition, following the announcement of the Offer, UBS AG, Australia Branch has now fully underwritten the capital raising, resulting in the underwritten amount increasing to the maximum of approximately \$256 million, which includes the Retail Entitlement Offer.

New Shares issued under the Placement and Institutional Entitlement Offer will rank equally with Existing Shares and are expected to be issued on Monday, 25 May 2009. Trading on the Australian Securities Exchange (“ASX”) is expected to commence on the same day.

Commencement of the Retail Entitlement Offer

The underwriter has now underwritten the Retail Entitlement Offer which comprises approximately 151 million New Shares and will raise approximately \$91 million¹.

The Retail Entitlement Offer will open on Tuesday, 19 May 2009 and is expected to close at 5.00pm (AEST) on Thursday, 4 June 2009. Eligible retail shareholders will have the opportunity to participate at the same price and offer ratio as under the Institutional Entitlement Offer.

Eligible retail shareholders may also apply for New Shares in excess of their Entitlement (“Additional New Shares”) up to a maximum of two times the retail shareholder’s full Entitlement. Any Additional New Shares will only be allocated to eligible retail shareholders if and to the extent that Pacific Brands so determines, in its absolute discretion, having regard to circumstances as at the time of the close of the Retail Entitlement Offer. Any New Shares in excess of Entitlements will be limited to the extent that there are sufficient New Shares from eligible retail shareholders who do not take up their full Entitlements or from New Shares that would have been offered to ineligible retail shareholders if they had been entitled to participate in the Retail Entitlement Offer.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer for New Shares and Additional New Shares will need to complete the Entitlement and Acceptance Form which is expected to be mailed to eligible retail shareholders on Tuesday, 19 May 2009.

Pacific Brands shares are expected to resume trading on Wednesday, 13 May 2009.

This announcement is not a prospectus and does not constitute an offer of securities.

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.

Investors

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¹ The underwriting agreement contains usual terms and conditions including termination events.

Important Information

This announcement does not constitute an offer for subscription, invitation, recommendation or sale with respect to the purchase or sale of any securities in any jurisdiction. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or to, or for the account or benefit of, any "U.S. persons" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "Securities Act") ("U.S. Persons"). Neither the Entitlements nor the New Shares have been, or will be, registered under the Securities Act or any securities laws of any state or other jurisdiction of the United States and may not be offered, sold or otherwise transferred except in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

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 investor presentation accompanying the ASX announcement dated 11 May 2009.

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 Date. 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 Date 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 Date, 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).