

PACIFIC B BRANDS

21 September 2012

Manager Company Announcements
Australian Securities Exchange
Level 4
20 Bridge Street
SYDNEY NSW 2000

Market Information Services
New Zealand Exchange Limited
Level 2, NZX Centre
11 Cable Street
Wellington
New Zealand

Dear Sir/Madam

In accordance with the ASX Listing Rules, please find attached:

1. Notice of Annual General Meeting; and
2. Proxy Form.

These documents are in the process of being forwarded to shareholders.

Yours faithfully
Pacific Brands Limited



John Grover
Company Secretary

Notice of Annual General Meeting

23 October 2012

PACIFIC B  BRANDS

PACIFIC BRANDS LIMITED ABN 64 106 773 059

Notice of Annual General Meeting

PACIFIC BRANDS LIMITED ABN 64 106 773 059

The 2012 Annual General Meeting of Pacific Brands Limited will be held as follows:

Date: **23 October, 2012**

Time: **10.00 am** (AEDT)

Venue: **Computershare Conference Centre
"Yarra Falls"
452 Johnston Street
Abbotsford Victoria 3067**

Ordinary Business

1 Financial Report

To receive and consider the financial report of the Company for the financial year ended 30 June 2012 and the reports of the Directors and Auditor.

2 Re-election of Directors

To consider, and if thought fit, to pass the following resolutions:

(a) Re-election of Dr Nora Scheinkestel as a Director

Nora Scheinkestel retires under rule 8.1(d) of the Company's constitution and being eligible, offers herself for re-election.

(b) Re-election of Mr James King as a Director

James King retires under rule 8.1(d) of the Company's constitution and being eligible, offers himself for re-election.

Other Business

3 Adoption of Remuneration Report

To adopt the Remuneration Report as set out in the Annual Report for the financial year ended 30 June 2012.

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

A voting restriction applies to this resolution. See 'Voting Information' for details.

4 Board Spill Meeting Resolution

Note: This resolution will not be proposed if the resolution in Item 3 is passed with less than 25% of the votes cast on the resolution being cast against the resolution.

To consider, and if thought fit, pass the following resolution:

"That, subject to and conditional on at least 25% of the votes cast on Resolution 3 being cast against the adoption of the remuneration report:

- (a) another general meeting of the Company (the 'Spill Meeting') be held within 90 days of the passing of this resolution;
- (b) all of the directors in office when the Board resolution to make the directors' report for the financial year ended 30 June 2012 was passed excluding the Company's managing director (such directors being Peter Bush, James King, James MacKenzie, Nora Scheinkestel and Arlene Tansey), cease to hold office immediately before the end of the Spill Meeting; and
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting be put to the vote of shareholders at the Spill Meeting."

A voting restriction applies to this resolution. See 'Voting Information' for details.

Special Business

5 Remuneration arrangements for the incoming Chief Executive Officer

5.1 Participation in LTI Plan and grant of additional share rights

To consider and, if thought fit, to pass the following resolution:

“That approval is given for all purposes including for the purpose of ASX Listing Rules 7.1 and 10.14 and, in relation to the treatment of the following rights in certain circumstances of termination, for the purposes of sections 200B and 200E of the Corporations Act, to the issue to the Chief Executive Officer of the Company, Mr John Pollaers, of:

- (a) 2,016,949 performance rights in the Company under the Pacific Brands Limited Performance Rights Plan; and
- (b) additional rights to acquire 762,712 fully paid ordinary shares in the Company,

as described in the Explanatory Notes accompanying and forming part of the notice of this meeting.”

5.2 Approval of additional termination benefits for John Pollaers

To consider and, if thought fit, to pass the following resolution:

“That for the purposes of sections 200B and 200E of the Corporations Act 2001 (Cth), approval is given for the granting of additional termination benefits to the Chief Executive Officer of the Company, Mr John Pollaers, in connection with him retiring from a managerial or executive office in the Company or a related body corporate of the Company, details of which are set out in the Explanatory Notes accompanying and forming part of the notice of this meeting.”

Voting restrictions apply to the resolutions in Items 5.1 and 5.2. See ‘Voting Information’ for details.

6 Adoption of Proportional Takeover Provision

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That the constitution of Pacific Brands Limited is altered with immediate effect by inserting, immediately after rule 5, rule 6 in the form set out in Annexure A to the Explanatory Notes accompanying and forming part of the notice of this meeting.”

By order of the Board



John Grover
Company Secretary
21 September 2012

Questions

IN ORDER TO PROVIDE AN EQUAL OPPORTUNITY FOR ALL SHAREHOLDERS TO ASK QUESTIONS OF THE BOARD, WE ASK YOU TO SUBMIT IN WRITING ANY QUESTIONS TO THE COMPANY OR TO THE COMPANY'S AUDITOR, KPMG (THE AUDITOR) IN RELATION TO ITS CONDUCT OF THE EXTERNAL AUDIT FOR THE YEAR ENDED 30 JUNE 2012, OR THE CONTENT OF ITS AUDIT REPORT. PLEASE SEND YOUR QUESTIONS TO:

The Company's dedicated email address:

agmquestions@pacbrands.com.au

Or by mail or delivery to:

The Company Secretary
Pacific Brands Limited
Level 2, 290 Burwood Road
Hawthorn Victoria 3122

Or by facsimile to:

The Company Secretary
Pacific Brands Limited
03 9947 4950 (within Australia)
+61 3 9947 4950 (outside Australia)

Written questions must be received by no later than 5.00 pm on **Tuesday, 16 October 2012.**

Your questions should relate to matters that are relevant to the business of the Annual General Meeting, as outlined in this Notice of Meeting and Explanatory Memorandum.

In accordance with the Corporations Act 2001 (Cth) and the Company's policy, a reasonable opportunity will also be provided to shareholders attending the Annual General Meeting to ask questions about, or make comments upon, matters in relation to the Company including the Remuneration Report.

During the course of the Annual General Meeting, the Chairman will endeavour to address as many of the more frequently raised shareholder questions as reasonably practicable and, where appropriate, will give a representative of the Auditor the opportunity to answer written questions submitted to the Auditor. However, there may not be sufficient time available at the Meeting to address all questions. Please note that individual responses may not be sent to shareholders.

Voting Information

This section forms part of the Company's Notice of Annual General Meeting dated 21 September 2012.

Voting exclusion and restriction statements

For all resolutions that are directly or indirectly related to the remuneration of a member of the key management personnel (KMP) of the Company or consolidated entity (being the resolutions comprising items 3, 4, 5.1 and 5.2), the Corporations Act 2001 (Cth) (**Corporations Act**) restricts KMP and their closely related parties from voting in their own right or as proxies in certain circumstances.

The term "closely related party" in relation to a member of the KMP is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by the member.

In addition, voting exclusions apply in respect of Items 5.1 and 5.2 under the Corporations Act and the ASX Listing Rules.

Item 3 – Adoption of Remuneration Report and Item 4 – Board spill meeting resolution

The Company will disregard and not count any vote cast (in any capacity) on Item 3 or Item 4 by or on behalf of either or both of the following persons:

- (a) a member of the KMP of the Company or consolidated entity, details of whose remuneration are included in the Remuneration Report for the year ended 30 June 2012 as well as Mr John Pollaers;
- (b) a closely related party of such a person,
unless:
 - (c) the person
 - (i) does so in relation to the Item as a proxy where the proxy form appointing the person as a proxy specifies how the person is to vote on the Item; or
 - (ii) is the Chairman of the meeting and the appointment of the Chairman as proxy expressly authorises the Chairman to exercise the proxy (even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP); and
 - (d) the vote is not cast on behalf of a person described in paragraph (a) or (b) above.

Remuneration arrangements for the incoming Chief Executive Officer

Items 5.1 and 5.2 – Grant of performance rights and additional share rights to, and approval of termination benefits for, John Pollaers

The Company will disregard and not count any vote cast on Items 5.1 and 5.2:

- (a) in any capacity by John Pollaers or any of his associates; and
- (b) by any person appointed as a proxy who is:
 - (i) a member of the KMP of the Company or consolidated entity; or
 - (ii) a closely related party of such a member.

However, the Company need not disregard, and may count, a vote if:

- (c) either:
 - (i) it is cast by a person as proxy for a person who is entitled to vote on Items 5.1 and 5.2 in accordance with the directions on the proxy form; or
 - (ii) it is cast by the Chairman of the meeting as a proxy for a person entitled to vote on Item 5.1 where the Chairman has been expressly authorised to exercise the proxy (even though the resolution is connected directly or indirectly with the remuneration of a member of the KMP); and
- (d) it is not cast by or on behalf of John Pollaers or any of his associates.

Voting by Proxy or Attorney

- If you are unable to attend the meeting, you may appoint a proxy to attend and vote on your behalf. A shareholder entitled to attend and vote at the meeting has a right to appoint a proxy to attend and vote for the shareholder. A Proxy Form is enclosed with this Notice of Meeting. A proxy is entitled to vote on a poll and, provided that only one proxy attends, on a show of hands.
- A shareholder may appoint a person or a body corporate as their proxy. If a shareholder appoints a body corporate as proxy, the body corporate will need to ensure that it appoints an individual as corporate representative and provides satisfactory evidence of the appointment of its corporate representative. A proxy need not be a shareholder of the Company.
- The Chairman of the meeting will vote all available proxies in accordance with the Board's recommendations set out in the Explanatory Notes accompanying this Notice of Meeting. By appointing the Chairman of the meeting as your proxy, and as long as you are not a member of the KMP of the Company or consolidated entity or a closely related part of such a KMP, you expressly direct the Chairman to vote in favour of Item 3 (Adoption of Remuneration Report), Item 5.1 (Participation in LTI plan and grant of performance rights) and Item 5.2 (Approval of additional termination benefits) and against Item 4 (Board spill meeting), even though the respective Items are resolutions connected directly or indirectly with the remuneration of a member of the KMP. If you intend to appoint a member of the KMP (other than the Chairman) as your proxy, please ensure that you direct them how to vote on Items 3, 4, 5.1 and 5.2.
- A shareholder who is entitled to cast two or more votes may appoint two proxies.
- Where two proxies are appointed you should specify the proportion or number of votes each proxy is entitled to exercise. If the appointments do not specify the proportion or number of the shareholder's votes that each proxy may exercise, then each proxy may exercise half of the shareholder's votes. Where more than one proxy is appointed, neither proxy is entitled to vote on a show of hands.
- You can direct your proxy how to vote by following the instructions on the Proxy Form. Shareholders are encouraged to direct their proxy how to vote on each item of business (eg, 'for', 'against' or 'abstain' by ticking the relevant box next to each item of business on the Proxy Form).
- Any directed proxies that are not voted on a poll at the meeting by a shareholder's appointed proxy will automatically default to the Chairman of the Meeting, who is required to vote proxies as directed on a poll.
- Where a shareholder appoints an attorney to act on his or her behalf, such appointment must be made by a duly executed power of attorney.
- To be effective, a Proxy Form and the original (or a certified copy) of the power of attorney or any other instrument under which it is signed, must be received by the Company at its registered office or c/- Computershare Investor Services Pty Limited by no later than **10.00 am** (Melbourne time) on **Sunday 21 October 2012** at:
 - Postal address: Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria 3001, Australia

Explanatory Notes to Shareholders

- Delivery address: Computershare Investor Services Pty Limited, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067, Australia
- Or if by facsimile to 1800 783 447 (within Australia), +61 3 9473 2555 (outside Australia)

Voting Rights

The Board has determined that a shareholder's voting entitlement at the meeting will be taken to be held by the persons who are the registered holders at **7.00 pm (AEDT)** on **Sunday 21 October 2012**. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

On a show of hands every shareholder present has one vote. On a poll, shareholders have one vote for every fully paid ordinary share held.

All items will be determined on a show of hands, unless a poll is duly called on an item. A corporate shareholder or proxy must appoint a person as its corporate representative. The appointment must comply with section 250D of the Corporations Act and the representative must provide satisfactory evidence of his / her appointment.

If you propose to attend and vote at the meeting, please bring the enclosed Proxy Form with you. This will assist in registering your attendance.

Custodian voting

For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

These Explanatory Notes accompany and form part of the Company's Notice of Annual General Meeting dated 21 September 2012.

Item 1 – Financial Report

The financial report for consideration at the meeting will be the full financial report, consisting of the reports of the Directors and Auditors and the annual financial report, including the financial statements of the Company for the year ended 30 June 2012.

Neither the Corporations Act 2001 nor the Company's constitution requires a vote of shareholders on the reports or statements. However, shareholders will be given a reasonable opportunity as a whole to raise questions or comments on the reports and statements at the meeting. In addition, a reasonable opportunity will be given to members as a whole at the meeting to ask the Company's Auditor questions relevant to the conduct of the audit and the preparation and content of the Auditor's report.

Item 2 – Re-election of Director

Nora Scheinkestel

Director, Independent Non-Executive
LLB (Hons), PhD, FAICD, Age 52

Dr. Scheinkestel retires under rule 8.1(d) of the Company's constitution and is standing for re-election at the annual general meeting as a non-executive Director of the Company.

Nora joined the Board of Pacific Brands Limited in June 2009, having served as a non-executive Chairman and director of companies in a wide range of industry sectors and in the public, government and private spheres.

Currently, Nora is a director of AMP Limited (since 2003), Orica Ltd (since 2006) and Telstra Corporation Limited (since 2010).

Nora is an Associate Professor at the Melbourne Business School at Melbourne University as well as a member of the Takeovers Panel. Her executive background is as a senior banking executive in international and project financing, responsible for the development and financing of major projects in Australasia and South East Asia. She currently consults to government, corporate and institutional clients in areas such as corporate governance, strategy and finance. In 2003, she was awarded a centenary medal for services to Australian society in business leadership.

The other Directors unanimously recommend that Dr. Scheinkestel be re-elected as a director of the Company.

*The Chairman of the Meeting intends to vote all available proxies **in favour** of this item of business.*

James King

Director, Independent Non-Executive
B. Comm, FAICD, Age 60

Mr. King retires under rule 8.1(d) of the Company's constitution and is standing for re-election at the annual general meeting as a non-executive Director of the Company.

James was appointed to the Board of Pacific Brands Limited in September 2009. James has over 25 years experience in major multi-national corporations in Australia and internationally.

He was previously with Foster's Group Limited as Managing Director of Carlton & United Breweries and Managing Director of Foster's Asia. Prior to joining Fosters, he spent six years in Hong Kong as President of Kraft Foods (Asia Pacific). He is currently a non-executive director of JB Hi-Fi Limited (since 2003), Navitas Ltd (since 2004) and Trust Company Ltd (since 2007). James is on the Council of Xavier College and a past Chairman of Juvenile Diabetes Research Foundation (Victoria).

The other Directors unanimously recommend that Mr. King be re-elected as a director of the Company.

*The Chairman of the Meeting intends to vote all available proxies **in favour** of this item of business.*

Item 3 – Adoption of Remuneration Report

The Annual Report for the financial year ended 30 June 2012 contains a Remuneration Report, which forms part of the Directors' Report and sets out the remuneration policy for the consolidated entity comprising the Company and its controlled entities and reports on the remuneration arrangements in place for executive directors, senior management and non-executive directors.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the meeting.

The Corporations Act 2001 requires each listed company to put to a vote at its AGM a non-binding resolution to shareholders to adopt the Remuneration Report. Whilst under the legislation this vote will be advisory only, and does not bind the Directors or the Company, the Directors recognise the vote as an indication of shareholder sentiment and have careful regard to the outcome of the vote and any discussion when setting the Company's remuneration policies.

At last year's AGM, 53% of the votes cast in respect of the resolution to adopt the 2011 Remuneration Report were voted against that resolution. Because the votes "against" exceeded 25% of the votes cast, the Company recorded what is known as a "first strike" under the new executive remuneration provisions of the Corporations Act 2001, which applied for the first time last year. To see the Company's response to comments made at last year's AGM, please refer to the Remuneration Report in the Company's Annual Report for the financial year ended 30 June 2012.

If (and only if) the votes against the 2012 Remuneration Report represent at least 25% of the votes cast, the Company will receive a "second strike". Under the Corporations Act 2001, if the Company receives a second strike, a resolution must immediately be put to shareholders, allowing shareholders, if they so choose, to pass a resolution to hold fresh elections for directors ("Spill Resolution") Resolution 4 is the Spill Resolution. If Resolution 4 is passed, then it will be necessary for the Board to convene a further general meeting ("Spill Meeting")

of the Company within 90 days of the AGM in order to consider the composition of the Board. (See item 4 of the Explanatory Notes for more details).

As a result of the Company's transformation program and the ongoing process of brand rationalisation and simplification of the Company's business model, the size and market capitalisation of the Company has reduced. The Board has responded to these factors, shareholder feedback in relation to the 2011 Remuneration Report and to the continuing difficult trading conditions in the markets in which the Company operates and has made the following changes to the Company's remuneration structure for the 2013 financial year:

- the base fees and committee fees payable to the Company's directors have been reduced by 25% effective 1 July 2012;
- a salary freeze was imposed on the Company's former Chief Executive Officer and all of the Company's other senior managers, except where the senior manager had moved into a new and/or more complex role; and
- the short term incentive opportunity for the Company's senior executives has been reduced by 50% at target (before STI) but may be increased to the extent that pre-determined performance measurement criteria are exceeded up to plan limits.

A voting exclusion statement applies to this item of business, as set out in "Voting Information".

*The Directors unanimously recommend that shareholders vote **in favour** of adopting the Remuneration Report.*

*The Chairman of the Meeting intends to vote all available proxies **in favour** of this item of business.*

Item 4 – Board spill meeting resolution (to be put to a vote only if there is a second strike)

This resolution will only be put to a vote if at least 25% of the votes cast on the resolution to adopt the Remuneration Report (Resolution 3) are cast against the adoption of the report. Such an against vote will constitute a second strike for the Company.

If the Company receives a second strike and this resolution is passed, it will be necessary for the Board to convene a further general meeting ("Spill Meeting") of the Company within 90 days of the AGM in order to consider the composition of the Board.

If a Spill Meeting is held, the following directors will automatically vacate office at the conclusion of the Spill Meeting unless they are willing to stand for re-election and are re-elected at that meeting:

- Peter Bush
- James King
- James MacKenzie
- Nora Scheinkestel; and
- Arlene Tansey

If Dr. Scheinkestel and Mr. King are re-elected at this year's AGM, they will still need to be re-elected at the Spill Meeting to remain in office after the Spill Meeting. The newly appointed Chief Executive Officer, Mr John Pollaers, would not lose office at any Spill Meeting as he is not subject to retirement at a general meeting.

The voting exclusion statement for this resolution is set out on page 5 of this Notice of Meeting.

The Explanatory Notes to item 3 contain further information relevant to this item of business.

*The Directors unanimously recommend that shareholders vote **against** item 4.*

*The Chairman of the Meeting intends to vote all available proxies **against** this item of business.*

Item 5.1 – Grant of Performance Rights and additional share rights to Chief Executive Officer

The remuneration package for the new Chief Executive Officer of the Company, John Pollaers, includes four elements:

- Fixed annual remuneration or FAR,
- a short term incentive which if all performance conditions are met at target will deliver an award equal to 50% of FAR for the 2013 year;
- a long term incentive in the form of performance rights equal in value to 85% of FAR for performance at target in the 2013 year; and
- a one-off sign-on bonus of rights which vest upon meeting 12 month performance conditions equal in value to \$450,000.

Shareholder approval is sought for the latter two elements of the CEO's package, comprising the following grants:

- (a) 762,712 rights that are subject to performance conditions linked to the medium term health and growth of the Company (**Sign-on Rights**); and
- (b) 2,016,949 performance rights under the Company's long term incentive arrangements, under the Pacific Brands Limited Performance Rights Plan (**F13 Performance Rights**).

Item 5.1 seeks shareholder approval for the grant of the Sign-on Rights and the Performance Rights under the Pacific Brands Limited Performance Rights Plan ("PRP") for the purposes of ASX Listing Rules 7.1 and 10.14 and, the treatment of such rights in certain circumstances of retirement of Mr Pollaers from a managerial or executive office in the Company, for the purposes of sections 200B and 200E of the Corporations Act.

Sign-on Rights

In order to link a component of Mr Pollaers' remuneration to the medium term health and growth of the Company and, recognising that the F13 Performance Rights are not eligible to vest until 2015, to align his interests with those of shareholders soon after his appointment, the Board determined to grant Mr Pollaers the Sign-on Rights, subject to receiving shareholder approval.

Subject to the achievement of KPIs agreed between Mr Pollaers and the Board, being KPIs which are fundamental to achieve in his first year, the Sign-on Rights will vest on the first anniversary of the commencement of his employment (ie 3 September 2013).

The number of Sign-on Rights has been calculated on the basis of \$450,000 divided by the market price of ordinary shares as at the close of normal trading on the ASX on 21 August 2012 being the last business day before the day the Company announced the appointment of Mr Pollaers as Chief Executive Officer on 22 August 2012 (**Appointment Announcement Date**), which was \$0.59.

No amount is payable by Mr Pollaers to acquire the "Sign-on Rights or shares in the Company if the rights vest.

The Board has noted the unsolicited approach regarding a possible takeover of the Company received earlier this year. It wished to ensure that it secured the right person to lead the Company during this time. Accordingly, in order to provide Mr Pollaers with a level of security on joining the Company, the Board determined that the Sign-on Rights will vest immediately if the Company terminates Mr Pollaers' employment (other than for cause), or is taken to have terminated his employment due to a fundamental change in his role, within the first 12 months of his employment.

Any Sign-on Rights which do not vest at the end of the performance period will lapse. The Sign-on Rights lapse immediately if Mr Pollaers resigns or is terminated by the Company for cause.

Long term incentive arrangements

The granting of the F13 Performance Rights forms an important part of the Company's executive remuneration policy, details of which are set out in the Company's Remuneration Report.

The Plan is designed to link a significant portion of executive remuneration to the Company's share price and returns generated for shareholders. Participation is limited to those executives who are able to influence the generation of shareholder wealth and therefore have a direct impact on the Company's performance.

The number of F13 Performance Rights proposed to be granted to Mr Pollaers is calculated by taking 85% of his fixed annual remuneration and dividing this by the Company's five day volume weighted average share price ("VWAP") as at the close of normal trading on ASX on the last business day before the Appointment Announcement Date, which was \$0.59.

No amount is payable by Mr Pollaers to acquire the F13 Performance Rights or shares in the Company if those rights vest. Mr Pollaers is the only Director who is entitled to participate in the Plan.

Tranches and Performance Conditions of F13 Performance Rights

The grant of F13 Performance Rights to Mr Pollaers will comprise two equal tranches, with each tranche subject to a different performance condition which is first tested at the end of the three year performance period (ie in 2015) as described below.

Tranche 1 – TSR performance condition

The performance condition applicable to Tranche 1, comprising 50% of the F13 Performance Rights, is based on the relative Total Shareholder Return (**‘TSR’**) of the Company. TSR is the return to shareholders provided by share price appreciation, plus reinvested dividends, expressed as a percentage of investment.

The relative TSR performance condition compares the TSR performance of the Company with the TSR performance of entities in a comparator group of entities over the performance condition measurement period.

The comparator group for the proposed grant is the ASX 200, excluding financial services and resources companies. Any entities that are delisted, merged or taken over during the vesting period will be removed from the comparator group and not replaced.

The level of TSR achieved by the Company over the relevant vesting period will be given a percentile ranking having regard to the Company’s performance compared with the performance of other companies in the comparator group.

The percentage of F13 Performance Rights in Tranche 1 which vest at particular percentile rankings is as follows:

Three year relative TSR target	Percentage of performance rights in tranche available in relevant year that vest
The Company’s TSR is less than the median TSR of the comparator entities	0%
The Company’s TSR equals or exceeds performance of the median TSR of the comparator entities	50%
The Company’s TSR ranks in the third quartile of the comparator entities	Pro rata between 50% and 100% (2% increase for each higher percentile ranking)
The Company’s TSR ranks in the fourth quartile of the comparator entities	100%

The use of a TSR based hurdle is regarded by the Company as appropriate as it:

- ensures an alignment between comparative shareholder return and reward for the executive;
- provides an external market performance measure in respect of share price growth and dividends; and
- measures and rewards the extent to which shareholder returns are generated relative to the performance of those companies with which the Company competes for capital, customers and talent.

Further details about the relative TSR performance condition are set out in the Remuneration Report.

Tranche 2 – EPS performance condition

The performance condition applicable to Tranche 2, which comprises the remaining 50% of the grant, is based on the Company’s Earnings Per Share. Earnings Per Share (**‘EPS’**) is calculated using earnings on a pre significant items basis (adjusted for the related income tax (benefit/expense)).

The growth in EPS over the vesting period, expressed as a compound per annum percentage, will determine the percentage of performance rights in the tranche which vest.

As discussed in the Remuneration Report, the EPS performance hurdle has been determined by the Board to be a threshold hurdle of 5% CAGR EPS and a maximum hurdle of 8% CAGR EPS.

The vesting schedule set by the Board for the proposed grant is as follows:

Three year EPS growth achieved (compound pa)	Percentage of performance rights in tranche available in relevant year that vest
Less than 5%	0%
Equals 5%	50%
Between 5% and 8%	Pro rata between 50% and 100% (1.667% increase for 0.1% additional EPS growth)
8% or above	100%

The Board has adopted EPS as a performance requirement because:

- as an absolute measure, it provides management with a performance goal over which they can directly exert control
- it provides a good 'line of sight' between the actions of senior executives and the Company's results
- it is correlated with shareholder returns, and therefore complements the relative TSR performance requirement

Further details about the EPS performance condition are set out in the Remuneration Report.

Testing

Performance against the relative TSR requirement will be assessed as at 30 June 2015 for the period 1 July 2012 to 30 June 2015. Performance against the EPS growth requirement will be based on audited results for the year ending 30 June 2015, against the base year ended 30 June 2012.

Any F13 Performance Rights which do not vest following 30 June 2015 will be re-tested as at 30 June 2016 against the same performance conditions, but measured over the four year period ending 30 June 2016.

Other terms

- Upon vesting, each F13 Performance Right or Sign-on Right will entitle Mr Pollaers to one share in the Company. Shares will be issued or acquired on market on vesting of the F13 Performance Rights or Sign-on Rights. No amount is payable by Mr Pollaers upon vesting of the F13 Performance Rights or Sign-on Rights. The Company will fund the cost of acquisition or issue of the shares.
- Subject to receipt of shareholder approval, the Board intends to grant the Sign-on Rights and F13 Performance Rights following the first Board meeting following the annual general meeting and in any event not later than 1 month after the date of the meeting.
- In general, the F13 Performance Rights and the Sign-on Rights are not transferable
- Any entitlement to F13 Performance Rights which have not vested will lapse if Mr Pollaers resigns, the Company terminates Mr Pollaers' employment for cause, or, subject to the discretion of the Board, Mr Pollaers ceases his employment for any other reason after the first 12 months of his employment.
- Shares allocated on the vesting of the Sign-on Rights or F13 Performance Rights will not be subject to any trading restrictions. However, Mr Pollaers may only deal with shares allocated on vesting in accordance with the Company's Securities Trading Policy.
- In the event of a takeover of the Company, Performance Rights may, at the discretion of the Board, vest on a pro rata basis in accordance with an assessment of performance, using the same

performance criteria but with the performance period pro rated to the date of the takeover offer.

Termination arrangements in respect of Sign-on Rights and F13 Performance Rights

- The Sign-on Rights will vest immediately if the Company terminates Mr Pollaers' employment without cause within 12 months of the commencement of his employment. In addition, if Mr Pollaers' employment is terminated due to fundamental change (such as delisting or material diminution of Mr Pollaers' role or responsibilities) any unvested Sign-on Rights will immediately vest. The value of the rights to be granted is \$450,000.
- Any LTI award in respect of the year ending 30 June 2013 vests immediately if the Company terminates Mr Pollaers' employment without cause within 12 months of the commencement of his employment. In addition, if Mr Pollaers' employment is terminated due to fundamental change, any unvested Performance Rights awarded to Mr Pollaers under the Plan will immediately vest. The future value of the performance rights will depend upon the termination date, the circumstances of termination and performance against the applicable performance conditions at the time of termination.

Information required by Listing Rules

Information required under ASX Listing Rule 10.15

(a) Previous awards

In December 2011, 1,873,807 performance rights were granted under the Plan to the previous Chief Executive Officer of the Company, Ms Morphet, effective 1 July 2011. No amount was payable for the performance rights. No other performance rights were issued to Ms Morphet under the Plan since the last approval at the Company's 2011 Annual General Meeting, and no awards of Sign-on Rights have previously been made.

(b) Persons entitled to participate

Mr Pollaers as the Chief Executive Officer of the Company is the only director of the Company who is entitled to participate in the Plan, or to receive Sign-on Rights or F13 Performance Rights. There is no associate of a director of the Company who is so entitled.

(c) Other information

There is no loan in relation to the acquisition of Sign-on Rights or any F13 Performance Rights .

The Sign-on Rights and Performance Rights to be granted to Mr Pollaers for the year ending 30 June 2013 will be granted shortly following the annual general meeting and in any event not later than 1 month after the date of the meeting.

Relationship with Item 5.2

Items 5.1 and 5.2 are proposed as independent resolutions. This means that if one resolution is not passed the other resolution may nevertheless take effect if it is passed.

*Directors (Mr Pollaers abstaining) unanimously recommend that shareholders vote **in favour** of the grants of Sign-on Rights and F13 Performance Rights to Mr Pollaers and to the treatment of those rights on termination.*

*The Chairman of the Meeting intends to vote all available proxies **in favour** of this item of business.*

Item 5.2 – Approval of additional termination benefits

Introduction

Shareholder approval is being sought in Item 5.2 for the purposes of sections 200B and 200E of the Corporations Act for the termination benefits that may be given to Mr Pollaers in addition to those covered by Item 5.1. These additional termination benefits comprise benefits proposed under:

- (a) Mr Pollaers' employment agreement with the Company;
- (b) pro-rata vesting of STI at the discretion of the Board if Mr Pollaers' employment is terminated without cause or as a result of "fundamental change",

(collectively, **Employment Arrangements**) in addition to any amounts or other benefits that may be provided to Mr Pollaers which are excluded from the operation of section 200B, such as statutory entitlements to accrued annual and long service leave, certain types of deferred bonus and amounts and other benefits required to be provided by law.

The amount and value of the termination benefits for which the Company is seeking approval is the maximum benefit that may be provided under the Employment Arrangements. Under the Employment Arrangements, the Board (or its delegates) may exercise certain discretions, outlined below when the employment of Mr Pollaers with the Company ceases.

Details and amount or value of additional termination benefits

The details of the termination benefits subject to Item 5.2 are set out below. The amount of any termination benefits comprising payments and the value of any other termination benefits cannot be ascertained at the time of disclosure in these Explanatory Notes. In each case, this is because there are various matters, events and circumstances which will, or are likely to, affect the calculation of that amount or value.

Details of Termination Benefit	Manner in which the amount or value is to be calculated	Matters, events and circumstances that will, or are likely to, affect the calculation of that amount or value
<p>Employment Agreement</p> <p>Payment of 6 months in lieu of notice plus an amount equal to 6 months of fixed annual remuneration if the Company terminates without cause or Mr Pollaers gives notice following a fundamental change (such as delisting or material diminution of Mr Pollaers' role or responsibilities).</p>	<p>The Company will calculate the amount or value by reference to Mr Pollaers' Fixed Annual Remuneration at the date the termination of his employment agreement takes effect.</p>	<p>The amount Mr Pollaers is entitled to receive by way of Fixed annual Remuneration at the date of termination.</p> <p>Whether the Company requires Mr Pollaers to work for all or part of his notice period or pay Mr Pollaers in lieu of notice (wholly or in part).</p> <p>Whether termination of Mr Pollaers' employment occurs with or without cause or due to fundamental change.</p>
<p>Short Term Incentive</p> <p>Mr Pollaers may be eligible to receive a payment of 50% of Fixed Annual Remuneration at target for the year ending 30 June 2013 or cash or shares (or a combination) up to 100% of Fixed Annual Remuneration at target for subsequent years. Provision of any STI award is subject to continued employment and subject to the exercise of the Board's discretion.</p> <p>If Mr Pollaers' employment is terminated by the Company without cause or as a result of fundamental change, the Board will consider favourably exercising its discretion to pay pro rata (or better if performance warrants it) any STI award for the financial year in which such termination occurs.</p>	<p>By the Company if it determines to exercise its discretion to pay an amount on account of STI.</p>	<p>Whether termination of Mr Pollaers' employment occurs with or without cause or due to fundamental change.</p> <p>The period of time that has elapsed since the commencement of the financial year in which the termination occurs and the date of termination.</p> <p>The Company's assessment of Mr Pollaers' performance over the relevant period.</p> <p>Whether STI benefits are provided in cash or shares (or both) and if shares, the market price of those shares on vesting, and the number of shares received.</p> <p>The extent to which any STI Conditions have been satisfied.</p>

Directors (Mr Pollaers abstaining) unanimously recommend that shareholders vote in favour of the granting of additional termination benefits to Mr Pollaers.

*The Chairman of the Meeting intends to vote all available proxies **in favour** of this item of business.*

Item 6 – Adoption of Proportional Takeover Provision

Under the Company's constitution and section 648G of the Corporations Act (**Act**) the proportional takeover provisions first inserted in the Company's constitution on listing in 2004 and reinserted with shareholder approval in 2008 automatically lapse after three years.

A proportional takeover offer is a takeover offer where the offer made to each shareholder is only for a proportion of that shareholder's shares, and not for the shareholder's entire shareholding.

This item of business seeks shareholder approval to re-insert the proportional takeover provisions in the Company's constitution. If these provisions are re-inserted by shareholders at the meeting, they will operate for three years from the date of the meeting (ie until 22 October 2015 if the resolution is passed at the meeting and the meeting is not postponed or adjourned).

The proposed provisions are set out in Annexure A to these Explanatory Notes.

The proposed proportional takeover provisions are in all material respects the same as those adopted in 2008. The form of special resolution to be put to shareholders is set out at the end of this notice.

Statement under the Corporations Act

The following comprises the statement required under section 648G(5) of the Corporations Act 2001 (Cth) in relation to Item 6.

Effect

If a takeover offer is made under a proportional takeover bid, the Directors must ensure that a resolution to approve the takeover bid (**Approval Resolution**) is voted on by the Company's shareholders not less than 14 days before the last day of the bid period (or such later date as is approved by the Australian Securities and Investments Commission).

In respect of any vote on an Approval Resolution, each shareholder has one vote for each fully paid share held. Each partly paid share carries a fraction of a vote, reflecting the amount paid up. The vote is decided on a simple majority. The bidder and its associates are not allowed to vote. If the resolution is not passed, transfers which would have resulted from the acceptance of a bid will not be registered and the bid will be taken to have been withdrawn.

If the Approval Resolution is passed (or taken to have been passed) by shareholders, the transfers must be registered if they comply with other provisions of the Act and the Company's constitution.

The Directors will breach the Corporations Act if they fail to ensure the Approval Resolution is voted on. However, if the Approval Resolution is not voted on, the bid will be taken to have been approved.

The proportional takeover approval provisions set out above do not apply to full takeover bids and only apply for 3 years after the date of insertion of the provisions in the Company's constitution or subsequent renewal. The provisions may be renewed, but only by a special resolution of shareholders.

Reasons

A proportional takeover bid involves an offer for only a proportion of each shareholder's securities. This may allow control of the Company to pass without shareholders having the chance to sell all their securities to the bidder. This may assist a bidder to take control of the Company without payment of an adequate control premium. The approval provisions allow shareholders to decide if a proportional offer is acceptable in principle and will assist in ensuring that any partial offer is appropriately priced. At the date this notice was prepared, no Director is aware of a proposal by a person to acquire (or to increase) a substantial interest in the Company.

Potential advantages and disadvantages

While proportional takeover approval provisions have previously been in force under the Company's constitution, there have been no full or proportional takeover bids for the Company at any time during its history. Therefore, there is no example against which to review the advantages or disadvantages of the provisions for the Directors and the shareholders, respectively, during this period.

The Directors consider that the proportional takeover approval provisions have no potential advantages or disadvantages for them. They remain free to make a recommendation as to whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover approval provisions for shareholders of the Company are:

- shareholders have the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- the provisions may help shareholders avoid being locked in as a minority;
- the bargaining power of shareholders is increased (this may help ensure that any partial offer is adequately priced); and
- knowing the view of the majority of shareholders may help each individual shareholder assess the likely outcome of the proportional takeover bid and to decide whether to accept or reject that offer.

The potential disadvantages for shareholders of the Company include:

- proportional takeover bids for shares in the company may be discouraged;

- shareholders may lose an opportunity of selling some of their shares at a premium; and
- the chance of a proportional takeover bid being successful may be reduced.

The Board considers that the potential advantages for shareholders of the proportional takeover approval provisions outweigh the potential disadvantages. In particular, shareholders as a whole are able to decide whether or not a proportional takeover bid is successful.

Shareholders may act

If the special resolution inserting rule 6 is passed, shareholders who together hold not less than 10% (by number) of the issued ordinary shares in the Company may within 21 days after the day on which the special resolution is passed, apply to the Court to have the insertion set aside. On an application the Court may make an order setting aside the insertion if it is satisfied that it is appropriate in all the circumstances to do so. Otherwise the Court must dismiss the application.

*The Directors unanimously recommend that shareholders vote **in favour** of the resolution set out below.*

*The Chairman of the Meeting intends to vote all available proxies **in favour** of this item of business.*

Annexure A – Form of Rule 6 to be inserted into the Company’s constitution

The special resolution being put to shareholders under sections 136(2) and 648G of the Corporations Act to amend the Company’s constitution by inserting immediately after rule 5 proposed rule 6 is as follows:

6 – Plebiscite to approve proportional takeover bids

6.1 – Definitions

The meanings of the terms used in this rule 6 are set out below.

Term	Meaning
Approving Resolution	in relation to a Proportional Takeover Bid, means a resolution to approve the Proportional Takeover Bid passed in accordance with rule 6.3.
Approving Resolution Deadline	in relation to a Proportional Takeover Bid, means the day that is 14 days before the last day of the bid period, during which the offers under the Proportional Takeover Bid remain open or a later day allowed by the Australian Securities and Investments Commission.
Proportional Takeover Bid	a takeover bid that is made or purports to be made under section 618(1) (b) of the Act in respect of securities included in a class of securities in the company.
Relevant Class	in relation to a Proportional Takeover Bid, means the class of securities in the company in respect of which offers are made under the Proportional Takeover Bid.

6.2 – Transfers not to be registered

Despite rules 5.1(c) and 5.2, a transfer giving effect to a contract resulting from the acceptance of an offer made under a Proportional Takeover Bid must not be registered unless an Approving Resolution to approve the Proportional Takeover Bid has been passed or is taken to have been passed in accordance with rule 6.3.

6.3 – Approving Resolution

- (a) Where offers have been made under a Proportional Takeover Bid, the directors must:
 - (i) convene a meeting of the persons entitled to vote on the Approving Resolution for the purpose of considering and, if thought fit, passing a resolution to approve the Proportional Takeover Bid; and
 - (ii) ensure that the resolution is voted on in accordance with this rule 6.3, before the Approving Resolution Deadline.

- (b) The provisions of this constitution relating to general meetings apply, with such modification as the circumstances require, to a meeting that is convened under rule 6.3(a), as if that meeting were a general meeting of the company.
- (c) The bidder under a Proportional Takeover Bid and any associates of the bidder are not entitled to vote on the Approving Resolution and if they do vote, their votes must not be counted.
- (d) Subject to rule 6.3(c), a person who, as at the end of the day on which the first offer under the Proportional Takeover Bid was made, held securities of the relevant class, is entitled to vote on the Approving Resolution relating to the Proportional Takeover Bid.
- (e) An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- (f) If an Approving Resolution has not been voted on in accordance with this rule 6.3 as at the end of the day before the Approving Resolution Deadline, an Approving Resolution will be taken to have been passed in accordance with this rule 6.3 on the Approving Resolution Deadline.

6.4 – Sunset

Rules 6.1, 6.2 and 6.3, cease to have effect at the end of 3 years beginning on the date those rules were last renewed in accordance with the Act.”

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PACIFIC BRANDS

Pacific Brands Limited ("Pacific Brands")

ABN 64 106 773 059

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:

(Australia) 1300 132 632
(New Zealand) 09 488 8777
(Overseas) +61 3 9415 4184

000001 000 PBG
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Proxy Form

For your vote to be effective it must be received by 10.00 am (AEDT) Sunday, 21 October 2012

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: This form must be signed in accordance with section 127 of the Corporations Act or the company's constitution. Please sign in the appropriate place to indicate the office held.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- Review your securityholding
- Update your securityholding

Your secure access information is:

SRN/HIN: 1999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
 FLAT 123
 123 SAMPLE STREET
 THE SAMPLE HILL
 SAMPLE ESTATE
 SAMPLEVILLE VIC 3030

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Pacific Brands Limited hereby appoint

the Chairman of the meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Pacific Brands Limited to be held at Computershare Conference Centre "Yarra Falls" 452 Johnston Street, Abbotsford, Victoria on Tuesday, 23 October 2012 at 10.00 am (AEDT) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise all available proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 3, 4, 5.1 and 5.2 (except where I/we have indicated a different voting intention below) even though Items 3, 4, 5.1 and 5.2 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

The Chairman of the Meeting intends to vote all available proxies in favour of each Item of business with the exception of Item 4 where the Chairman of the Meeting will be voting against.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 3, 4, 5.1 and 5.2 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

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

BUSINESS

The Chairman of the Meeting intends to vote all available proxies in favour of the following items of business:

For Against Abstain

	For	Against	Abstain
Item 2(a) Re-election of Dr Nora Scheinkestel as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 2(b) Re-election of Mr James King as a Director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5.1 Participation in LTI Plan and grant of additional share rights	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5.2 Approval of additional termination benefits for Mr John Pollaers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Adoption of Proportional Takeover Provision	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies against the following item of business:

	For	Against	Abstain
Item 4 Board Spill Meeting Resolution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

PBG

1 5 1 1 7 7 A

Computershare +