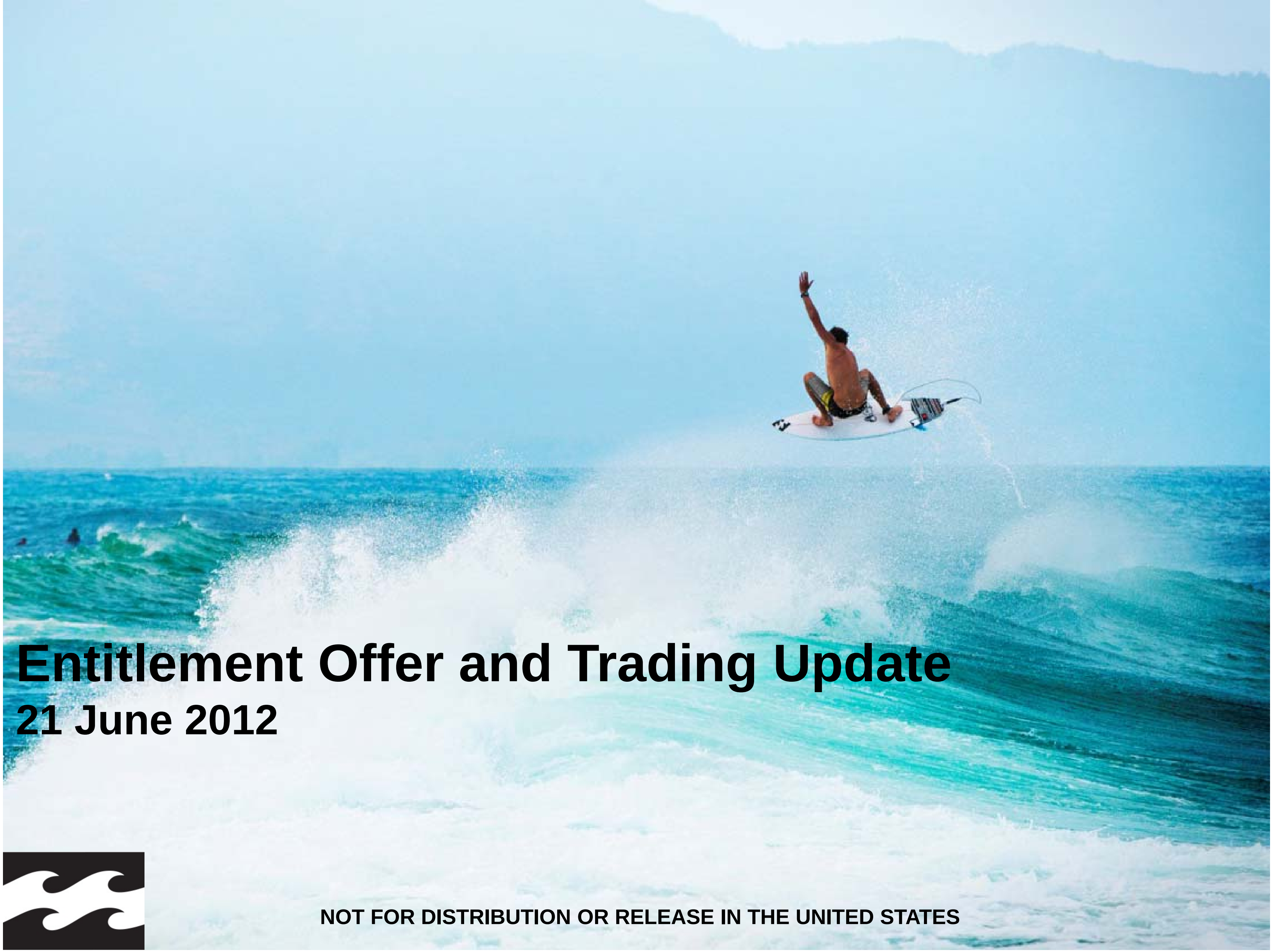

Entitlement Offer and Trading Update

21 June 2012

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Financial data

All dollar values are in Australian dollars (A$) unless otherwise stated.

Investors should be aware that certain financial data included in this Presentation are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934. These measures include EBITDA and net debt. The disclosure of such non-GAAP financial measures in the manner included in the Presentation may not be permissible in a registration statement under the U.S. Securities Act. These non-GAAP financial measures do not have a standardized meaning prescribed by Australian Accounting Standards and therefore may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Although Billabong believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-GAAP financial measures included in this Presentation.

Overview of the Entitlement Offer

- Billabong today announces a $225 million fully underwritten accelerated pro-rata non-renounceable entitlement offer ("Entitlement Offer")

- Billabong is undertaking the Entitlement Offer to:
  - Strengthen its balance sheet, reducing Billabong's forecast net debt at 30 June 2012 from $325 million[1] to approximately $100 million[2]
  - Provide financial flexibility
  - Provide operational flexibility

- Billabong also announces the successful renegotiation of its banking covenants

- Gordon Merchant, Billabong's founder and largest shareholder, has indicated his intention to subscribe for $30 million worth of New Shares under the institutional offer, representing 85% of his entitlement under the Entitlement Offer

1. *Refers to midpoint of expected net debt range of between $300 million to $350 million. See further details on Page 10.*
2. *Pre fees and expenses.*

Details of the Entitlement Offer

Size and structure	• Fully underwritten, 6 for 7 accelerated pro rata non-renounceable entitlement offer to raise approximately $225 million • Approximately 221 million new Billabong ordinary shares ("New Shares") to be issued (86% of pre-existing issued shares)
Offer Price	• $1.02 per New Share • 44% discount to Billabong's closing price on 20 June 2012 of $1.83 • 30% discount to TERP of $1.46
Institutional Offer	• Offer to raise approximately $158 million • Institutional entitlements not taken up by institutional shareholders and entitlements of ineligible institutional shareholders will be placed into the institutional shortfall bookbuild • Shareholders will not receive any proceeds from sale of entitlements not taken up
Retail Offer	• Offer to raise approximately $67 million • Retail entitlements not taken up by retail shareholders and entitlements of ineligible retail shareholders will be placed by the underwriters • Shareholders will not receive any proceeds from sale of entitlements not taken up
Ranking	• New Shares issued will rank pari passu with existing shares

Indicative Entitlement Offer timetable

Trading halt	Thursday 21 June, 2012
Institutional Entitlement Offer	Thursday 21 June, 2012 to 11:30am, Friday 22 June, 2012
Billabong shares recommence trading on ASX	Monday 25 June, 2012
Record date for eligibility in the Entitlement Offer	7:00pm, Tuesday 26 June, 2012
Retail Entitlement Offer opens	Friday, 29 June, 2012
Retail Offer Booklet dispatched to Eligible Retail Shareholders	Friday, 29 June, 2012
Trading of New Shares issued under the Institutional Entitlement Offer	Friday, 29 June, 2012
Retail Entitlement Offer closes	Tuesday, 17 July, 2012
Trading of New Shares issued under the Retail Entitlement Offer	Friday, 27 July, 2012

Note: All dates and times referred to are based on Sydney time.

Trading update

- Since the announcement of the half year results on 17 February 2012 the Company has generally continued to face challenging trading conditions, in particular in Europe, Australia and Canada

- Europe:
  - Sovereign debt issues having a significant adverse impact on consumer confidence and demand, especially in southern European territories, leading to:
    - Delays in shipment of summer product at the request of some wholesale customers
    - Weak in-season repeat business for summer product
    - Weaker winter indent and delayed shipment of winter product
    - Soft trading conditions in Company owned retail
  - SurfStitch Europe commenced trading, incurring start-up costs
  - Strong focus on reducing and controlling overhead costs

Trading update (cont'd)

- Australasia:
  - Continuing very cautious consumer given weak global macroeconomic climate
  - Significant reduction in summer product shipments in the important trading month of June
  - Highly promotional retail environment adversely impacting Company owned retail performance
  - Continued very strong growth in Company owned online retail sales
  - Strong focus on reducing and controlling overhead costs
  - Benefits emerging from recent initiatives including consolidation of retail IT systems and retail warehouses

Trading update (cont'd)

- The Americas:
  - US wholesale trading generally in line with expectation
    - RVCA continuing to perform strongly
    - Poor winter negatively impacted DaKine, leading to lower winter repeats and subdued spring / summer indent
  - US retail has been resilient in the face of global macro pressures however, owing to reduced traffic in tourist destinations, the business has performed below expectations
  - Both wholesale and Company owned retail performance in Canada remains subdued and below expectations
  - Company owned online retail sales growing strongly
  - Significant consolidation and rationalisation of business operations in progress to reduce and contain overhead costs

Net debt at 30 June 2012 (before equity raising)

- Net debt at 30 June 2012 is forecast to be in the range of $300 million to $350 million

- This reflects the inclusion of:
  - Net proceeds from the 51.5% sale of Nixon of US$285 million
  - One-off lease exit costs incurred in the period

- The final net debt position as at 30 June 2012 will be dependent on June trading, influenced by:
  - Full year EBITDA outcome for 2012
  - Working capital movements in a traditionally high cash flow month
  - Cash costs of previously announced strategic initiatives
  - Capital expenditure

Expected net debt position

✓ **Strengthen balance sheet**

- Capital raising will reduce Billabong's forecast net debt from $325 million[1] at 30 June 2012 to approximately $100 million[2]
- Pay down in full Tranche A of the Company's syndicated financing facility having a US$182 million limit drawn to US$143 million at 1 June 2012 and due in July 2013
- Balance of proceeds to reduce overall leverage

✓ **Provide financial flexibility**

- No syndicated facility debt due prior to July 2014
- Small working capital facility to be rolled over prior to 31 December 2012
- The capital raising and successful bank negotiations position Billabong well within its covenant levels for the foreseeable future

✓ **Provide operational flexibility**

- Allows Billabong to continue to execute on its previously announced Strategic Capital Structure Review initiatives
- Allows Billabong to execute on the transformation strategy announced today
  - Further details and update on 24 August 2012

1. Refers to midpoint of expected net debt range of between $300 million to $350 million. Refer Page 10 for further details.
2. Pre fees and expenses.

Update on Strategic Capital Structure Review

Billabong has made good progress on the initiatives announced in February as part of its Strategic Capital Structure Review

✓ **Partial sale of Nixon**
- Completed on 16 April 2012
- Net proceeds of approximately US$285 million used to pay down debt

✓ **Closure of underperforming stores**
- Closed 45 stores as at today
- Expect to close a total of approximately 56 stores prior to 30 June 2012 (11 further stores)
- Plan to close a total of approximately 140 stores by 30 June 2013 (84 further stores in 2013)
- Store closure program currently expected to yield an improvement in EBITDA in FY13 of approximately $6 million (approximately $8 million on an annualised basis). Included in this improvement is approximately $17 million (approximately $25 million on an annualised basis) reduction in rent expense

✓ **Cost reduction program**
- The majority of the FY12 cost-out charges have been incurred (in particular in relation to headcount) which will lead to savings benefits in FY13
- Expected annualised cost savings are in line with targeted savings of approximately $30 million (approximately $12 million for Australasia, approximately $13 million for Americas and approximately $5 million for Europe)
- Further cost reduction initiatives will be determined as part of the transformation strategy announced today

Gain on Nixon sale, one-off costs and non-cash impairment charges

- A significant gain of between $200 million to $225 million on the partial sale of Nixon is expected
- It is also expected that significant one-off costs and charges will more than offset this gain. This is expected to include several significant non-cash impairment charges taken against the carrying value of the Company's intangible assets as part of the finalisation of the Company's financial statements for the full year ending 30 June 2012
  - — Given the FY13 –16 budget and business plan has not yet been finalised these amounts have not yet been quantified

FY12 guidance

- At the half year result in February 2012 the Company indicated that, in the absence of the partial sale of Nixon, the Company would have expected to deliver EBITDA excluding any one-off charges slightly above the then analyst consensus of approximately $157 million for FY12

- Given the prolonged and ongoing deterioration in trading conditions and based on year-to-date results to 31 May 2012 and preliminary trading results for Company owned retail for the first two weeks of the important trading month of June, Billabong now expects (all at current exchange rates):

  – EBITDA for FY12, prepared on a comparable basis to the above, to be approximately $130 million to $135 million

  – Reported EBITDA for FY12 (including 100% of Nixon until date of partial sale on 16 April 2012 and including Billabong's share of after tax Nixon JV profits thereafter) to be approximately $120 million to $125 million

  – Pro forma EBITDA for FY12 (excluding Nixon for the full year and excluding any after tax Nixon JV profits) to be approximately $83 million to $88 million

- As noted above, June is a significant trading month for the Company, particularly in the Northern Hemisphere – achieving the Company's revised EBITDA guidance is dependent on trading conditions not deteriorating further

Initial observations of CEO Launa Inman

- In the last six weeks I have met a large number of stakeholders to understand the opportunities and challenges facing the business
- Billabong has passionate employees who believe in the business
- There is shared appetite to revitalise via a clearly articulated strategy
- Billabong is an iconic brand

The way forward

- Today we will outline the focus areas to transform the business
- This will result in the presentation of a three year transformation strategy and business plan, to be announced on 24 August 2012
- The transformation strategy will involve a right sizing program and revenue reinvigoration
- Billabong is a large complex business and the transformation will take time but we will act with vigour, timeliness and accountability
- With the right focus and execution Billabong will once again become a growing, profitable business

Billabong's future direction

Observation		Action
Overly complex business	➡	Simplify business
Brand focused	➡	Become brand & customer focused
Regional/divisional approach	➡	Move to an integrated global approach
Decentralised platforms and processes	➡	Empower through technology and process

Transformation strategy: Key focus areas

Balance Sheet + Right size the business + Reactivation of the business → Transformation strategy August 24

	Balance Sheet	Right size the business	Reactivation of the business	Transformation strategy August 24
Focus	▪ Equity raising ▪ Financial flexibility ▪ Operational flexibility	▪ Cost structure ▪ Supply chain ▪ Processes ▪ Working capital	▪ Brand ▪ Retail ▪ Omni channel ▪ Supply chain	▪ Rebuilding Billabong into a growing, profitable business
Timing	▪ Immediate	▪ 6 – 18 months	▪ 12 – 36 months	

Transformation strategy: Actions to date

- Met with a large range of stakeholders – this has helped formulate the basis for the transformation strategy
- Set up a taskforce to formulate and execute the transformation – external and internal people
- We have commenced a deep dive into the Billabong brand
- Hired a global retail GM – starts July
- Scoped out supply chain project

Transformation strategy: Rightsize

Costs	▪ Phase 1 (announced to market in February): well underway and on track with $30 million cost reduction and approximately 140 stores closed by the end of 2013 (45 stores closed to date) ▪ Phase 2: Deep dive cost review of all businesses, brands and stores — Look to remove duplication — Re-engineer processes
Supply Chain	▪ Global sourcing ▪ Warehouse and logistics ▪ Focus on end to end process
Streamline	▪ Processes: reduce duplication ▪ Systems/technology: further reduce number of systems and improve capability ▪ Product: number of SKUs and merchandise mix ▪ Further integration of acquisitions
Working capital	▪ Inventory management ▪ Debt collection

Transformation strategy: Reactivate

Brand	▪ Priority is to rebuild Brand Billabong - project commenced ▪ Focus on our high growth key youth fashion brands ▪ Move to a more global approach
Retail	▪ Customer becomes central ▪ Focus on youth/girls ▪ Strengthen retail operational capabilities ▪ Consider banner consolidation ▪ Review profitability of all stores and fix or divest
Online	▪ Develop online “channels to market” strategy ▪ Invest in brand sites ▪ Expand and focus on our online aggregation brands Swell and SurfStitch ▪ Develop the infrastructure to move to an omni channel
Supply chain	▪ Enable omni channel ▪ Speed to market ▪ Supply chain to match brand and channel strategy

Board update

- At the time of the announcement of Ms Inman's appointment, the Chairman indicated that he intended to remain in his position to support the new CEO and to continue the Board succession process
- Allowing appropriate time to conclude these objectives, the Chairman anticipates retiring between Billabong's 2012 Annual General Meeting in October 2012 and the release of its half year profit results in February 2013
- In addition, Mr. Allan McDonald, Chairman of Billabong's Audit Committee, has advised the Board of his intention to retire from the Board in October 2012

Outlook

- The Board expects the current softness in trading conditions to continue during FY13
- Assuming no further deterioration in trading conditions, FY13 EBITDA is currently expected to be in excess of pro forma FY12 EBITDA, which is anticipated to be between $83 million and $88 million as a result of:
  - the benefits from the previously announced Strategic Capital Structure Review
  - the additional benefits realised under the transformation strategy
  - recognition of Billabong's share of after tax Nixon JV profits
- The Board does not expect to pay dividends in respect of 2H12 and 1H13 and the dividend policy will be reviewed thereafter

Summary of risk factors

- An investment in Billabong is subject to a number of risks including:
  – potential loss of market share to Billabong's competitors or damage to Billabong's brands
  – challenging trading conditions in Billabong's key markets of North America, Australia and Europe, with the potential for further deterioration
  – risk associated with foreign exchange fluctuations
  – risks associated with consumer migration to making on-line purchases, with associated pressure on margins and adverse impact on Billabong retail outlets
  – risks associated with an investment in equity capital, such as those relating to general economic and market factors and government changes
  – the potential for significant further decline in revenue or earnings of Billabong to cause Billabong to not comply with the financial covenants in its senior debt facility
- Please see following pages for details of these and other risk factors

Risk factors

There are a number of risk factors that could potentially adversely impact the operating and financial performance of Billabong. These risks are both specific to Billabong and also relate to the general business and economic climate, and investment in listed securities generally. As such, there are risks which are within Billabong's and the Board's control and can therefore be mitigated, but there are also risks which are outside of Billabong's and the Board's control and therefore cannot be mitigated. Investors should consider these risk factors before making a decision whether or not to apply for New Shares. Some of these risk factors are described in more detail below.

BRAND

Billabong's products are sold under a variety of different brands. These brands and Billabong's image are key assets of Billabong. Should the brands or image of Billabong be damaged in any way or lose their market appeal, the Billabong business is likely to be adversely impacted.

FASHION

Billabong's design teams in Australia, North America and Europe provide in-house expertise on specific fashion trends in key markets. The objective is to design, develop and deliver products for changing fashion trends as they emerge. Fashion trends change rapidly and if Billabong does not design and deliver products that appeal to consumers, the financial performance of Billabong could be adversely impacted.

KEY MARKETS

Sales in North America comprised 46% of Billabong's earnings in the 2010-11 financial year, and in Australia 19% and Europe 20%. Billabong's sales in these key regions and elsewhere are affected by a number of factors including relatively poor current economic conditions, actions of competitors in that market, adverse weather conditions, fashion trends and changing consumer tastes, changes in taxation or changes in the regulatory environment. If Billabong's sales in these places are further adversely affected by any of these factors, Billabong's financial performance is likely to be adversely impacted.

DOMESTIC AND GLOBAL ECONOMIC ENVIRONMENT AND CAPITAL MARKET CONDITIONS

The financial performance of Billabong and the value of Billabong shares will fluctuate due to various factors including movements in the Australian and international capital markets, interest rates, inflation, Australian and international economic conditions (including any significant and extended economic downturn in Australia, Asia, North America or Europe as a result of economic and financial uncertainty in those regions), change in government, fiscal, monetary and regulatory policies, prices of commodities, investor perceptions and other factors that may affect Billabong's financial position and earnings. In particular, the current economic uncertainty in the Euro zone could have significant impact on the wider trading environment Billabong is operating within. These factors may cause the price of Billabong shares to fluctuate and trade below the Offer Price and may adversely affect the income and expenses of Billabong.

Examples of the way in which changes in economic conditions may impact Billabong include:

- changes in inflation and interest rates, which may affect Billabong's cost of funding;
- changes in the availability of debt or equity financing may impact Billabong's ability to sustain its operations and growth;
- changes in employment levels and associated costs in the labour market may affect the cost structure of Billabong; and
- changes in economic conditions may affect demand for Billabong products or the creditworthiness of customers or suppliers to Billabong.

Risk factors (cont'd)

CURRENCY FLUCTUATIONS

Billabong's sales based in more than 100 countries results in revenue receipts in more than 10 currencies - primarily Australian, US and Canadian dollars, Euros, New Zealand dollars and Japanese yen. Movements in these currencies could have an impact on Billabong's profitability.

RELIANCE ON KEY PERSONNEL

The day-to-day operations of Billabong rely on a number of key personnel. Billabong's future success will be influenced by the ability of Billabong to attract and retain suitably qualified personnel in the future.

Whilst Billabong has in place long term service contracts and a long term equity based incentive program, there can be no assurance that Billabong can retain the services of key employees or attract other suitably qualified personnel in the future. Loss of key personnel and/or failure to attract suitably qualified personnel could adversely affect Billabong's financial performance.

COMPETITION

Billabong competes with other surfwear labels and youth casual apparel distributors. The actions of competitors, for example, by lowering their sales prices or creating new product lines that are more attractive in the marketplace, or changes in consumer preferences, may adversely affect Billabong's performance.

SEASONAL FACTORS

Part of Billabong's business is seasonal in nature and prolonged unseasonal weather conditions in a particular region may adversely affect sales in that region.

CHANGES IN TAXATION

Any change to the current rate of company income tax in jurisdictions where Billabong operates will impact on shareholder returns. Any change to the current rates of income tax applying to individuals and trusts will similarly impact on shareholder returns. In addition, any change in tax arrangements between Australia and other jurisdictions could have an adverse impact on profit margins and the level of franking credits available to frank any future dividends.

SHARE INVESTMENT RISKS

Investors should be aware that there are risks associated with an investment in shares of listed companies on the stock market. Returns from an investment in the New Shares will depend upon general stock market and economic conditions as well as the specific performance of Billabong.

There can be no guarantee that the market price of the New Shares will not fall below the Offer Price.

Risk factors (cont'd)

PRODUCT SOURCING

Billabong's products are sourced from independent contractors, and the majority are sourced from China. A material change in Billabong's product sourcing arrangements could have an adverse impact on Billabong including

any change in existing relationships could have an adverse impact on the ability of Billabong to source appropriate product at reasonable cost;

any change in quota arrangements may impact the sourcing of Billabong's products, thereby impacting the profitability of the Company; and

any change in the terms or conditions of overseas suppliers or in the political or economic environment in which they operate could adversely impact overseas supplies.

ON-LINE RETAILING

The ability to purchase products via the internet is increasing retail competition by opening up that market to participants who provide on-line platforms for purchasing products (whether instead of, or in addition to, traditional retail outlets). Online retailing has resulted in consumers being able to undertake greater global price comparisons and has placed pressure on wholesalers to move to global pricing and traditional bricks and mortar retailers to compete on price despite their higher overhead costs. Continued migration of consumers to on-line retail purchases may adversely impact the performance of Billabong's bricks and mortar retail outlets and the historically higher margin regions.

DEBT COVENANTS

Billabong's debt facilities are subject to covenants based around certain financial ratios. In the course of operating a prudent financing strategy, particularly in current market conditions, Billabong can employ a range of strategies in order to meet its financial covenants. If there were a significant further decline in revenue or earnings, this could cause Billabong to not comply with these financial covenants. A failure to comply with any of these financial covenants may require Billabong to seek amendments, waivers of covenant compliance or alternative borrowing arrangements. There is no assurance that its lenders would consent to such an amendment or waiver in the event of non-compliance, or that such consent would not be conditioned upon the receipt of a cash payment, revised payout terms, increased interest rates, or restrictions in the expansion of debt facilities in the foreseeable future, or that its lenders would not exercise rights that would be available to them, including among other things, demanding payment of outstanding borrowings.

Selling restrictions

This document does not constitute an offer of New Shares of Billabong in any jurisdiction in which it would be unlawful. New Shares may not be offered or sold in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

Billabong, and the directors and officers of Billabong, may be located outside Canada, and as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon Billabong or its directors or officers. All or a substantial portion of the assets of Billabong and such persons may be located outside Canada, and as a result, it may not be possible to satisfy a judgment against Billabong or such persons in Canada or to enforce a judgment obtained in Canadian courts against Billabong or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages or rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

Selling restrictions (cont'd)

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Billabong. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Billabong, provided that (a) Billabong will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, Billabong is not liable for all or any portion of the damages that Billabong proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding, or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

Selling restrictions (cont'd)

European Economic Area – Austria, Belgium, Denmark, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

(a) to legal entities that are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;

(b) to any legal entity that has two or more of (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);

(c) to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of Billabong or any underwriter for any such offer; or

(d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of New Shares shall result in a requirement for the publication by Billabong of a prospectus pursuant to Article 3 of the Prospectus Directive.

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d'investisseurs) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Selling restrictions (cont'd)

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the "Companies Ordinance"), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been 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 SFO) or (ii) in other circumstances that do not result in this document being a "prospectus" (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted New Shares may sell, or offer to sell, such shares in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such shares.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the "Prospectus Regulations"). The New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(l) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

Italy

The offering of the New Shares in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to the New Shares may be distributed in Italy and the New Shares may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998 ("Decree No. 58"), other than:

– to Italian qualified investors, as defined in Article 100 of Decree no.58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 ("Regulation no. 1197l") as amended ("Qualified Investors"); and

– in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Selling restrictions (cont'd)

Any offer, sale or delivery of the New Shares or distribution of any offer document relating to the New Shares in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

– made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and

– in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the New Shares in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such New Shares being declared null and void and in the liability of the entity transferring the New Shares for any damages suffered by the investors.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand).

The New Shares in the entitlement offer are not being offered to the public in New Zealand other than to existing shareholders of Billabong with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand).

Other than in the entitlement offer, New Shares may be offered and sold in New Zealand only to:

– 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; or

– persons who are each required to (i) pay a minimum subscription price of at least NZ$500,000 for the securities before allotment or (ii) have previously paid a minimum subscription price of at least NZ$500,000 for securities of Billabong("initial securities") in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this document.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator pursuant to the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not 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 may not be offered or sold, directly or indirectly, in Norway except:

(a) to "professional investors" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876);

(b) any natural person who is registered as a professional investor with the Norwegian Financial Supervisory Authority (No. Finanstilsynet) and who fulfils two or more of the following: (i) any natural person with an average execution of at least ten transactions in securities of significant volume per quarter for the last four quarters; (ii) any natural person with a portfolio of securities with a market value of at least €500,000; and (iii) any natural person who works, or has worked for at least one year, within the financial markets in a position which presuppose knowledge of investing in securities;

Selling restrictions (cont'd)

(c) to fewer than 100 natural or legal persons (other than "professional investors"); or

(d) in any other circumstances provided that no such offer of New Shares shall result in a requirement for the registration, or the publication by Billabong or an underwriter, of a prospectus pursuant to the Norwegian Securities Trading Act of 29 June 2007.

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Billabong's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

Selling restrictions (cont'd)

United Arab Emirates

Neither this document nor the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has Billabong received authorization or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the New Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the New Shares, including the receipt of applications and/or the allotment or redemption of New Shares, may be rendered within the United Arab Emirates by Billabong.

No offer or invitation to subscribe for New Shares is valid or permitted in the Dubai International Financial Centre.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the New Shares may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to Billabong.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

United States

This document may not be released or distributed in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the Entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. The entitlements may not be taken up by, and any New Shares and may not be offered or sold to, persons in the United States, except in transactions exempt from, or not subject to, registration under the U.S. Securities Act and any other applicable US state securities laws.

BILLABONG.