

Introduced on 21 August 2008



DIVIDEND REINVESTMENT PLAN



Key Features of Billabong International Limited's Dividend Reinvestment Plan

- No brokerage or other transaction costs payable
- Automatic reinvestment of dividends
- Optional participation in full or in part and may be varied from time to time
- Shares may be issued or transferred at a discount as determined by Billabong

BILLABONG INTERNATIONAL LIMITED ABN 17 084 923 946

For further information, please telephone
Computershare Investor Services Pty Limited
on 1300 552 270 (local call cost within Australia) or
+61 7 9415 4000 (outside Australia) or visit
www.computershare.com.au/easyupdate/bbg



IF YOU HAVE ANY QUESTIONS CONCERNING THE OPERATION OF THE PLAN, ITS IMPACT ON YOU OR YOUR DECISION TO PARTICIPATE IN THE PLAN, PLEASE CONTACT YOUR INVESTMENT, FINANCIAL OR OTHER ADVISOR.

1. WHAT IS THE PLAN?

Billabong International Limited's ("**Billabong**") dividend reinvestment plan ("**Plan**") provides holders of Billabong ordinary shares ("**Shares**") with an optional and convenient method of reinvesting all or part of their dividends ("**Dividends**") into additional Shares.

If a holder of Shares ("**Shareholder**") chooses to participate in the Plan, Dividends the Shareholder would otherwise receive are used to fund the issue of new Shares or to fund the acquisition on-market of existing Shares (or a combination of both) at a price calculated on the basis outlined below.

The Plan will be administered by the directors of Billabong ("**Board**"). Billabong has the right to modify, vary, suspend or terminate the Plan at any time subject to the rules of the Plan or to modify or vary the rules of the Plan at any time.

The full rules of the Plan can be accessed at the following website:

www.computershare.com.au/easyupdate/bbg

Alternatively, you can request that a copy of the rules of the Plan be mailed to you by calling 1300 552 270 (in Australia) or +61 7 9415 4000 (outside Australia).

2. WHO MAY PARTICIPATE IN THE PLAN?

All Shareholders whose registered address is in Australia or New Zealand are eligible to participate in the Plan. The laws of some other countries may prohibit participation by Shareholders resident in those countries. Accordingly, the Board has decided that at this time Shareholders who are not resident in Australia or New Zealand may not participate in the Plan.

The Board also has discretion to suspend participation in the Plan of any Shareholder where their participation may prejudice the effective operation of the Plan or is otherwise undesirable or impractical.

3. HOW DO I JOIN THE PLAN?

There are two ways you can participate in the Plan:

1. Complete the election form (“**Election Form**”) and return it to Billabong’s Share Registrar (“**Share Registrar**”) before 5.00pm (Brisbane, Queensland time) on the record date; or
2. Register online for the Plan at www.computershare.com.au/easyupdate/bbg.

The record date is the date used to identify Shareholders entitled to participate in the Dividend, and normally occurs in late March (for the interim Dividend for the six months to 31 December) and late September (for the final Dividend for the six months to 30 June) as the case may be.

You may join the Plan at any time, but if you wish to participate in the Plan for a particular Dividend, your completed Election Form must be received by the Share Registrar or you must register online prior to 5.00pm (Brisbane, Queensland time) on the record date of that Dividend.

4. WHAT LEVELS OF PARTICIPATION ARE AVAILABLE?

Participation in the Plan is optional. If you do nothing you will continue to receive Dividends in the usual manner. If you wish to participate in the Plan, you have two options:

- a. **Full participation**, under which all Dividends on all Shares you hold from time to time are automatically reinvested into Shares under the Plan.
- b. **Part participation**, under which Dividends on the number of Shares you nominate will be automatically reinvested into Shares under the Plan. Dividend payments will continue to be made in the usual manner for Shares you do not nominate for participation in the Plan.

Please note that a separate election form or separate online registration must be completed for each HIN or SRN.

5. IS THERE ANY LIMIT ON MY PARTICIPATION?

Billabong may, for a Dividend, specify a minimum and/or maximum limit on the number of Shares or amount for participation in the Plan.

If a maximum limit is set and if that limit is exceeded, Billabong may scale back on a pro-rata basis each Participant’s participation in the Plan in respect of that Dividend. Where a scale back applies, any amount of a Participant’s Dividend which is not reinvested will be paid to that Participant. If a minimum participation is set and that limit is not reached then each relevant Participant’s participation in the Plan will be of no effect and dividends will be paid in the usual way.

Billabong will advise any such limits to the ASX.



6. HOW CAN I VARY MY PARTICIPATION?

You may vary your participation in the Plan online at www.computershare.com.au/easyupdate/bbg. If you do not wish to effect your variation online, notice of variation forms are available on request from the Share Registrar by calling 1300 552 270 (in Australia) or +61 7 9415 4000 (outside Australia). A variation of your participation will take effect for the next Dividend after you vary your participation. Please note that variations made after the record date for a particular Dividend will not take effect until the following Dividend.

7. HOW CAN MY PARTICIPATION BE WITHDRAWN?

You may withdraw your participation in the Plan in the same way as varying your participation (see item 6 above).

8. CAN I SELL OR TRADE MY PARTICIPATING SHARES?

Shares issued or transferred under the Plan will be listed on the ASX and may generally be traded in the same manner as your existing Shares. Shares will trade with the ASX code of "BBG" and rank equally for future Dividends.

Note: Participating Shares sold after the record date for a relevant Dividend will remain subject to the Plan for that Dividend.

9. AT WHAT PRICE ARE SECURITIES ISSUED OR TRANSFERRED?

Shares will be issued or transferred at the price set by the Board. The price is the arithmetic average (rounded to the nearest cent) of the daily volume weighted average market price of all Shares sold in the ordinary course of trading on the ASX automated trading system during the 10 ASX trading days commencing on and from the second ASX trading day after the record date of the relevant Dividend (or such other trading period as may be determined by the Board) less any applicable discount as determined by the Board and notified to Shareholders. For the final dividend for the financial year ended 30 June 2008 the directors have determined the discount will be 2.5%. If the Board believes the price so calculated is not fairly reflective of the market price it may appoint an expert to determine the market price.

10. HOW MANY SHARES ARE ISSUED OR TRANSFERRED?

Dividends will be applied in subscribing for the maximum whole number of new Shares or acquiring on-market the maximum whole number of existing Shares for transfer to Participants (or a combination of both options).

If any cash balance exists, it will be retained in the Participant's account for the Plan, without interest.

11. WHAT ARE THE COSTS?

Participants will pay no brokerage charges, commissions or other transaction costs in relation to the issue or transfer of Shares under the Plan. Shares will be issued or transferred at the price calculated on the basis outlined above.

12. WHAT STATEMENTS WILL I RECEIVE?

Following the issue or transfer of Shares under the Plan, Shareholders who received Shares will receive a statement which gives details of the Participant's participation in the Plan.

13. WHAT IS THE TAX POSITION OF SHARES ISSUED OR TRANSFERRED UNDER THE PLAN?

Dividends reinvested in Shares under the Plan should be taxed in the same manner as cash dividends paid to Shareholders, although each Shareholder's taxation position may differ and Shareholders are advised to make enquiries about their own taxation position.

Billabong does not take responsibility for the taxation liability of Shareholders.

Please contact your taxation adviser if you have any questions concerning the taxation consequences of participating in the Plan. We recommend that you obtain professional taxation advice on these matters.



14. ARE SHARES ISSUED OR ACQUIRED ON-MARKET?

As stated above, under the Plan the Directors can resolve to either issue new Shares or deliver Shares which have been acquired on-market (or a combination of both) for the purposes of this Plan.

For the final dividend for the financial year ended 30 June 2008 shares will be issued to participants in the Plan.

15. WHAT HAPPENS IF THE PLAN IS UNDERWRITTEN?

If Billabong decides to have the issue of Shares under the Plan underwritten, to the extent that the level of Shareholder participation in the Plan by reference to the total cash dividend that is payable is less than the amount agreed to be underwritten, Billabong will issue Shares to the underwriter or its nominee.

That issue of Shares to the underwriter or its nominee will result in some dilution for Shareholders who do not participate in the Plan (or partially participate to a level less than the amount being underwritten).

For the final dividend for the financial year ended 30 June 2008 the Plan will be underwritten 50% by Goldman Sachs JBWere.

16. WHERE CAN I OBTAIN FURTHER INFORMATION?

You may obtain further information concerning the operation of the Plan from:

the Share Registrar by calling 1300 552 270 (local call cost within Australia) or +61 7 9415 4000 (outside Australia) or visit www.computershare.com.au/easyupdate/bbg

A copy of the most recent annual report and financial statements are available free of charge from <http://www.billabongbiz.com> or by contacting the Share Registrar at the address noted in the corporate directory on the inside back cover of this booklet.

CORPORATE DIRECTORY

PRINCIPAL AND REGISTERED OFFICE

Billabong International Limited
1 Billabong Place, Burleigh Heads
QLD 4420 AUSTRALIA
Telephone: + 61 7 5589 9899
Facsimile: +61 7 5589 9800

POSTAL ADDRESS

PO Box 283 Burleigh Heads QLD 4420 Australia

WEBSITE

<http://www.billabongbiz.com>

SHARE REGISTRAR

Computershare Investor Services Pty Limited
GPO Box 523 Brisbane QLD 4001
Telephone Australia: + 1300 552 270
Telephone International: + 61 7 9415 4000
Facsimile: + 61 7 3237 2152
Email: web.queries@computershare.com.au
www.computershare.com.au/easyupdate/bbg

STOCK EXCHANGE LISTING

Billabong International Limited shares are listed on the Australian Securities Exchange. The home branch is Brisbane. Ticker: BBG



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