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## REMUNERATION UPDATE

Dear Shareholder,

Sirtex has had a busy and exciting twelve months, with the results of the SIRFLOX trial becoming available and as we pursue our 2020 Vision strategies. At the same time, the Remuneration Committee and Board continue to work to ensure that the Company's remuneration policies and levels are fair, responsible from a shareholder perspective and enable us to recruit and retain the calibre of people necessary if the Company is to continue to grow and reach its full potential.

A key part of this work involved learning more about international remuneration policies and practices. We feel that this is an increasingly critical issue as the Company expands globally. Accordingly, we engaged an additional remuneration consultant, with offices in the relevant regions, to provide comprehensive market data regarding remuneration levels and incentive mixes in those regions.

The information received indicated that as Sirtex has grown, the differences between the Company's Australian-based remuneration structure and those used around the world were becoming more significant. The data indicated that the existing policy of an executive's total remuneration package (TRP) being made up of both fixed and at-risk components was appropriate but that the at-risk proportions varied significantly. For example, incentives are a much larger component in the United States than in Singapore.

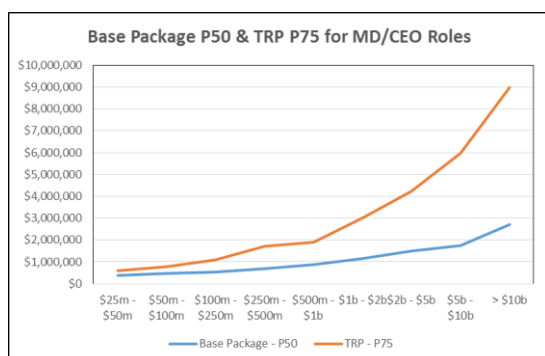
As a result, it was concluded that if we are to match market, we now must customise salary packages to reflect local practice. This will affect the at-risk proportion of the TRP as well as the mix of its STI and LTI components. Sirtex continues to believe, however, that its emphasis on long-term incentives, and its efforts to retain a one-company culture, remain appropriate.

This new approach impacted on our review of the STI payment process. At last year's AGM it was suggested that we pay half of any STI amount in equities, and since that time others have pushed for some deferred component. In light of the new global data, it is clear that incorporating such changes, while striving to match local practice, would be a major challenge.

While appreciating the reasons behind the suggestions, the Remuneration Committee and Board have decided that most of the objectives can be achieved by maintaining and strengthening the Company's emphasis on the long term incentive (LTI) element of the at-risk TRP component.

Another important task has been to review the market data collection process. As the Company must match market TRP levels if it is to achieve its remuneration goals, the accuracy and objectivity of the data collected is critical.

Sirtex uses two comparator groups of companies for each relevant region. One comprises healthcare/biotechnology/medical device organisations and the other, companies of similar size. Extensive research has shown that there is a strong correlation between the remuneration levels of senior executives and market capitalisation, globally across all industries. The higher the capitalisation, the higher the remuneration levels, reflecting the significantly greater complexity, responsibility and impact the executive’s role has in the larger organisations.



Accordingly, the determination of the appropriate market capitalisation to be used as a basis for the comparison of remuneration levels is a critical step, particularly given the significant share price growth and volatility experienced by Sirtex in recent times.

May 2015 data  
TRPs for CEO direct reports increase similarly, although less steeply.

The Remuneration Committee and Board have determined that the share price used will be a conservative, “underlying value” that reflects factors such as typical PE ratios for Australian biotechnology companies.

Even so, and in spite of recent volatility, the Company’s underlying market capitalisation continues to grow at well above market rates. As a result, fair market TRP for our key executives must also grow at above-market rates.

Another component of the Company’s remuneration policy that has been reviewed is the measures used as part of the long-term incentive (LTI) Plan.

Recent LTI Plans have been based 50% on absolute total shareholder return growth (TSR) and 50% on earnings per share growth (EPS). While it was understood that the use of a “relative TSR” measure would have avoided windfall gains or losses, the number of companies on the Australian stock-market relevantly similar to Sirtex was too small to enable reasonable comparisons.

This is still the case but the Remuneration Committee and Board believe that Sirtex is now sufficiently established to warrant replacing the absolute TSR measure with a “market-adjusted TSR”. Sirtex’s total shareholder return will now be compared to the Australian ASX300 total shareholder return.

The vesting scale for the market-adjusted TSR component of the LTI reward has been determined in the light of actual ASX300 performance over recent years, with target vesting achieved if Sirtex’s performance matches the P75 of the ASX300.

The vesting scale for the EPS measure has also been reviewed and modified to reflect ASX300 performance and future Company expectations.

We believe that these changes will improve LTI effectiveness and encourage the long-term perspective and commitment important to the Board and shareholders.

Important modifications to the Non-Executive Director's (NED's) Rights Plan have also been made. As a result of the recent changes to employee share scheme regulations, the NED's Rights Plan has been modified to extend the disposal restrictions for current non-executive directors from 7 years after granting to 15 years, and provide for immediate vesting rather than one year after granting. Our intent is to remove any tax pressure to sell shares and encourage non-executive directors to retain their shareholding in the Company while they remain on the Board.

This has been a very busy time for Sirtex and its employees. Planning for the SIRFLOX study results, and now those from the SARAH study, together with other "three pillar" initiatives, have added to the demands faced by our team. The Remuneration Committee and Board continue to monitor the effectiveness of our remuneration policies and practices and are committed to making improvements wherever warranted.

Of course, we would welcome any contribution you wish to make in relation to these matters.

Yours faithfully,  
SIRTEX MEDICAL LIMITED

John Eady  
Chairman - Remuneration Committee  
26 August 2015.