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REMUNERATION UPDATE

Dear Shareholder,

In my letter sent to shareholders in November last year I noted that our independent remuneration adviser, Godfrey Remuneration Group (GRG), had been engaged to conduct a thorough review of the remuneration levels and their components, for all of the Company's key management personnel (KMP) (i.e. senior executives and non-executive directors).

In addition to updating our data relevant to each of the roles, the Board was aware that executive packages across the market increase as a company's capitalisation increases (particularly for KMP), with a significant up-turn once capitalisation grows above $450 million. This reflects the increased demands, complexity and responsibilities of management roles in a company of materially larger scale.

Given Sirtex's current market capitalisation (now over $550 million), the new GRG data indicate that fixed remuneration levels for all KMP, and the short and long-term incentive percentages for all executives, need to be increased if the Company is to maintain its objective of positioning its total remuneration at the P75 level for each of our roles in all operational regions. As previously indicated, the Board believes that the P75 positioning (mid-way between the middle and top of market remuneration practice for a role) achieves an appropriate balance between remuneration necessary to retain key staff and our responsibility to shareholders to manage costs. Our policy is to set the fixed remuneration component of a package at the mid-point of market practice and use incentives to achieve the P75 level, thus placing a strong emphasis on performance.

On this basis, fixed remuneration increases would range up to 35% for the coming year, while at-risk incentive ratios for the CEO and his direct reports would increase by a factor averaging approximately 1.5 times. For example, the data indicate that the CEO's STI target percentage should increase from 30% to 50%, and his LTI target percentage should increase from 45% to 75%. Increases for his direct reports would be lower.

The Company intends to use these data as the basis for our remuneration reviews planned for June. Where significant increases in fixed remuneration are warranted, however, it is intended to phase them in so as to manage the absorption of additional costs.

The November 2012 letter also referred to the work being conducted to find an effective way to add an at-risk component to non-executive director fees, in order to bring them up to our P75 goal, and to be consistent with the Company's remuneration policy for KMP.

Among other things, this would mean that non-executive directors have more “skin in the game”, consistent with the wishes of a number of our larger shareholders.

This was a complex issue. For example, stakeholders such as the Australian Institute of Company Directors (AICD) and others are opposed to some approaches, while alternative approaches can often create unintended, adverse tax issues for the directors.

GRG has taken advice from stakeholder groups and other experts and has designed and recommended a Rights Plan that reflects the AICD preference for directors to sacrifice part of their fees to purchase Company shares on-market. Details of this Plan are attached but, in essence, the difference between the non-executive director’s P50 base fee which is paid in cash and the P75 fee target would be reflected in a salary-sacrifice style compulsory grant of Rights that vest after one year. They are then replaced by shares in the Company which are acquired on-market (one Share per Right), with strict and lengthy dealing restrictions, in accordance with current ATO requirements.

While some tax issues remain for the directors, the Board accepts the GRG recommendation and feels that this is a fair proposal. It is currently working to implement the Plan, with relevant decisions likely to be made in June for the 2014 financial year.

Sirtex is a growing company, facing exciting challenges. Our remuneration structure and levels must change as our Company and the global environment change. The Board aims to base these changes on sound information and advice from acknowledged experts.

We hope that this update helps you to understand the rationale behind the planned improvements to our remunerations structure, and that it meets with your approval. 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

NEDs Rights Plan

Terms on which Rights may be issued to Sirtex Non-Executive Directors

Terms	Explanatory Notes
1. Each year, the excess of a P75 over a P50 market position for NEDs remuneration will be assessed by the Remuneration Committee.	This amount may be assessed periodically. Based on the most recent review of market practice (in FY 2012-2013), the excess would be: • \$24,000 for the Board Chair, • \$15,000 for the Deputy Chair, and • \$12,000 for other NEDs.
2. The excess will initially be reflected in a compulsory grant of Rights.	This would be done by dividing the excess by the notional value of a Right. The notional value of a Right would be the prevailing Share price for Sirtex Shares (calculated as the VWAP for Sirtex Shares traded on the ASX during the last 10 trading days of the preceding calendar quarter). As the proposed vesting period is only one year, and the yield on Sirtex Shares is low, dividends would be ignored. Indicatively, with a Share price at \$10.00, the grants would be of: • 2,400 Rights for the Board Chair, • 1,500 for the Deputy Chair, and • 1,200 for other NEDs. These Rights, and any resulting Shares, would be considered to be reasonable remuneration in all the circumstances (within Section 211 of the Corporations Act).
3. Each Right will vest one year after grant, provided that the NED continues to be a NED at that time.	Under the Explanatory Memorandum which accompanied the amendments to introduce the current employee share scheme taxing provisions into the Tax Act, a 12 month service based vesting condition would be adequate to defer the taxing point. Subject to the Tax Act, in the last year of engagement as a NED, consideration may be given to not imposing vesting conditions or dealing restrictions, as the NED would be taxable on the value of the Sirtex Shares at the date of termination in any event.
4. In the event of cessation in being a NED, the unvested Rights will be forfeited, unless otherwise determined in the discretion of the remaining NEDs (eg. if appropriate, to permit pro-rata vesting).	When exercising the discretion, the remaining NEDs would have regard to applicable tax considerations. If vesting occurs, and the value of the vested Shares would exceed the retirement benefit limit (provided for under Section 200A of the Corporations Act), then vesting would be limited to the retirement benefit limit, unless Shareholders approve a higher amount.
5. The Shares to be provided to NEDs when the Rights vest will be sourced via on-market purchases of Sirtex Shares paid for by Sirtex.	No Shareholder approval would be required for a grant of Rights or an acquisition of Shares (under Listing Rule 10.11 of the ASX Listing Rules). Nor would Share acquisitions count towards the 15% annual Share issue limit (under Listing Rule 7.1 of the ASX Listing Rules). The total remuneration packages of NEDs, including the notional value of the Rights granted, would need to fall within the Shareholder approved aggregate fees cap (under Clause 6.5 of the Constitution).

GODFREY REMUNERATION GROUP

Terms	Explanatory Notes
6. Once the Rights vest, and Sirtex Shares have been purchased on-market, the Shares will be subject to a dealing restriction until the earlier of either the seventh anniversary of the grant of the Rights or the date of cessation in being a NED.	A trust would be established in relation to the Plan. Once the Rights vest, Sirtex would pay to the Trustee the amount required (including brokerage and other out-of-pocket expenses) to enable the Trustee to acquire via on-market purchases the requisite number of Sirtex Shares for each relevant NED (i.e. 1 Share per 1 Right which has vested). This amount may be higher or lower than the notional value of the vested Rights as at the time of their issue. The Trustee would use those funds to acquire Sirtex Shares on-market, when next permitted to do so under Sirtex's prevailing securities trading policy, and under applicable insider trading laws (under Section 1043A of the Corporations Act). The Trustee would hold acquired Shares during the period of the dealing restriction. The dealing restriction may be enhanced through the Share Registry applying a holding lock on the Shares.
7. When the dealing restriction ceases to apply, the NEDs will be taxed on the then value of the Shares.	Dealing restrictions cannot delay the taxing point beyond the earlier of: • the termination of employment, and • the 7th anniversary of the grant of the Rights.