pharmaxis

Media Release

7 June 2013

CEO REMUNERATION AND EMPLOYEE PERFORMANCE RIGHTS

Pharmaceutical company Pharmaxis Ltd (ASX:PXS) today announced remuneration details for its Chief Executive Officer and the grant of performance rights to key employees in measures designed to retain and incentivise staff remaining with the Company.

Chairman Mr Malcolm McComas said, "The Company's revised business plan requires experienced leadership to deliver on the objectives we have set. The appointment of Gary Phillips as Chief Executive Officer in March was the first step in repositioning Pharmaxis. Gary has more than 30 years' experience in the international pharmaceutical sector. A flattened management structure means he will retain the majority of his former responsibilities as Chief Operating Officer. The Board believes his remuneration package is competitive, aligned to the creation of shareholder value and appropriate to the responsibility and task at hand.

"After careful consideration, the Board has decided to use performance rights to provide short term retention incentives and medium term performance bonuses to key staff and to align performance to the major business transforming milestones being pursued by the Company over the next two years. The criteria used to assess performance for the vesting of performance rights will be an equal weighting of corporate and personal objectives, with the former focussing on partnering Bronchitol, reducing the net cash burn and increasing sales of Bronchitol."

The key terms of Mr Phillips' employment are:

- Base salary: $388,000 per annum
- Short term variable compensation: up to 30% of base salary
- Superannuation contributions: 9% of base salary
- Employment may be terminated by either Mr Phillips or Pharmaxis with six months' written notice. Pharmaxis may elect to pay out the notice period in lieu of notice. Pharmaxis may terminate Mr Phillips' employment immediately in certain events including serious misconduct and material breach of contract.
- The employment agreement contains customary confidentiality, intellectual property and non-compete provisions.
- Performance Rights: Subject to shareholder approval at the Pharmaxis Ltd 2013 annual general meeting, Mr Phillips will be granted 2 million performance rights (unlisted zero grant and zero exercise price employee options over Pharmaxis Ltd ordinary shares). The performance rights will vest, subject to Mr Phillips' continued employment with Pharmaxis at the relevant vesting date, as follows:
    - Thirty percent on 31 January 2014
    - Thirty five percent on 31 July 2014 subject to the achievement of corporate and personal objectives; and
    - Thirty five percent on 31 July 2015 subject to the achievement of corporate and personal objectives.

The Company has also today granted a total of 7.9 million performance rights to 20 key employees. Vesting conditions of these performance rights are the same as for the CEO.

The performance rights granted today represent 2.6% of the Company's issued capital, increasing to 3.2% including the proposed grant to the CEO.

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SOURCE: Pharmaxis Ltd, Sydney, Australia
CONTACT: Felicity Moffatt, phone +61 418 677 701 or email felicity.moffatt@pharmaxis.com.au

About Pharmaxis

Pharmaxis (ACN 082 811 630) is a specialist pharmaceutical company involved in the research, development and commercialization of therapeutic products for chronic respiratory disorders. Its product Aridol® for the assessment of asthma is sold in key international markets. Its product Bronchitol® for cystic fibrosis is launched in Europe and Australia and its development pipeline of products includes Bronchitol for bronchiectasis, ASM8 for asthma and preclinical assets in inflammatory and fibrotic diseases. Pharmaxis is listed on the Australian Securities Exchange (symbol PXS). The company's head office and manufacturing facilities are located in Sydney. For more information about Pharmaxis, go to www.pharmaxis.com.au or contact Investor Relations on phone +61 2 9454 7200.

Forward-Looking Statements

Forward-looking statements in this media release include statements regarding our expectations, beliefs, hopes, goals, intentions, initiatives or strategies, including statements regarding the potential for Bronchitol. All forward-looking statements included in this media release are based upon information available to us as of the date hereof, and we assume no obligation to update any such forward-looking statement as a result of new information, future events or otherwise. We cannot guarantee that any product candidate will receive regulatory approval or that we will seek any such approval.