

BOARD OF DIRECTORS



- 1 Sir John Banham
- 2 N A P Carson
- 3 R J MacLeod
- 4 A M Thomson
- 5 R J W Walvis
- 6 Sir Thomas Harris
- 7 M J Roney
- 8 D C Thompson
- 9 L C Pentz
- 10 W F Sandford

Sir John Banham DL, MA, HonLLD, HonDSc

Chairman, age 69; joined Johnson Matthey as Chairman designate in January 2006; appointed Chairman on 1st April 2006. Currently the Senior Independent Director of Invesco Ltd and Cyclacel Pharmaceuticals Inc. He was previously a director at McKinsey & Company, the first Controller of the Audit Commission and is a former Director General of the Confederation of British Industry. Previously a director of National Power and National Westminster Bank, and Chairman of Tarmac plc, Kingfisher plc, Geest plc and Whitbread PLC. M, N

N A P Carson BSc

Chief Executive, age 53; joined Johnson Matthey in 1980; appointed Division Director, Catalytic Systems in 1997 after having held senior management positions in the Precious Metals Division as well as Catalytic Systems in both the UK and the US. Appointed to the board as Managing Director, Catalysts & Chemicals in August 1999 and additionally assumed board level responsibility for Precious Metals Division in August 2002. Appointed Chief Executive in July 2004. Currently a member of the Advisory Board for the Cambridge Programme for Sustainability Leadership. From 31st August 2010 Mr Carson will join the board of AMEC plc as a non-executive director.

R J MacLeod

Group Finance Director, age 46; joined Johnson Matthey as Group Finance Director designate in June 2009 and assumed current job title in September 2009. Previously he was Group Finance Director of WS Atkins plc and worked in a variety of senior financial roles at Enterprise Oil plc. He is currently a non-executive director of Aggreko plc.

A M Thomson MA, CA

Age 63; appointed a non-executive director in September 2002. Currently Chairman of Bodycote International Plc and a non-executive director of Alstom S.A. (France). Until his retirement in 2006 he was Finance Director of Smiths Group plc. Mr Thomson is also President of the Institute of Chartered Accountants of Scotland. A, M, N

R J W Walvis

Age 63; appointed a non-executive director in September 2002. Currently a non-executive director of Associated British Ports Holdings Ltd and Balfour Beatty plc and Chairman of the Supervisory Board of Allianz Nederland Group NV. He was previously a non-executive director of British Energy Group plc and Chairman, Global Corporate Centre, Shell International Limited. Prior to that he held a series of senior management positions within the Royal Dutch Shell Group. A, M, N

OTHER SENIOR MANAGEMENT

Sir Thomas Harris KBE CMG

Age 65; appointed a non-executive director on 1st April 2009. Currently Vice Chairman of Standard Chartered Capital Markets Ltd, a non-executive director of BioCompatibles International plc and SC First Bank (Korea), a director of IFSL and City UK, and a Trustee of Asia House. Until 2004, he was Director General of Trade & Investment USA responsible for British business and technology promotion throughout the United States. He served previously as British Ambassador to the Republic of Korea in Seoul, Deputy High Commissioner in Lagos, Nigeria and Commercial Counsellor in the British Embassy in Washington DC. A, M, N

M J Roney

Age 55; appointed a non-executive director on 1st June 2007. Currently Chief Executive of Bunzl plc. Joined Bunzl plc as a non-executive director in 2003. Prior to becoming Chief Executive of Bunzl he was the Chief Executive Officer of Goodyear Dunlop Tires Europe BV and had an extensive career with the Goodyear Tire and Rubber Co holding a number of senior management positions with responsibilities in Latin America, Asia, Eastern Europe, the Middle East and Africa. A, M, N

D C Thompson

Age 49; appointed a non-executive director on 1st September 2007. Currently Chief Executive of Drax Group plc. Joined the board of Drax Group plc as Chief Executive in 2005. Prior to joining Drax she was head of the European business of the global power generation firm, InterGen. First starting her career in banking she has had senior management roles in the UK, Asia and Africa. A, M, N

L C Pentz BS ChE, MBA

Executive Director; Environmental Technologies, age 55; joined Johnson Matthey in 1984; appointed Division Director; Process Catalysts and Technologies in 2001 after having held a series of senior management positions within Catalysts Division in the US. Appointed Executive Director; Process Catalysts and Technologies in August 2003, Executive Director; Emission Control Technologies in July 2004 and to his current position on 1st April 2009. Currently a non-executive director of Victrex plc.

W F Sandford BA

Executive Director; Precious Metal Products, age 56; joined Johnson Matthey in 1977; appointed Division Director; Precious Metal Products in 2001 after holding a series of senior management positions within the division. Appointed Executive Director; Precious Metal Products in July 2009.

Committees of the Board

- A Audit Committee
- M Management Development and Remuneration Committee
- N Nomination Committee

Environmental Technologies

S M Christley *Division Finance Director*

J F Walker *Division Director*, Emission Control Technologies

C J Bennett *Technology and Business Development Director*, Emission Control Technologies

A M Myers *President*, Emission Control Technologies, North America

D W Prest *Managing Director*, Emission Control Technologies, Europe

J V Zubrickas *Managing Director*, Emission Control Technologies, Asia

N Whitley *Division Director*, Process Technologies

G L McGregor *Division Finance Director*, Process Technologies

A Bordet *Business Development Director*, Process Technologies

J K Dunleavy *Managing Director*, Refineries and Gas Processing

A C Hurst *Managing Director*, Tracerco and Vertec

D J Tomlinson *President*, Davy Process Technology

A Wright *Managing Director*, Syngas and Gas to Products

J C Frost *Director*, Fuel Cells

Precious Metal Products

B M O'Connell *Division Finance Director*

M Bedford *Director*, Precious Metals Marketing

C C Howlett *General Manager*, Noble Metals, Europe

J D Malanga *General Manager*, Noble Metals, North America

R L P J van der Heijden *Managing Director*, Colour Technologies

G P Otterman *Division Director*, Catalysts, Chemicals and Refining

T Hassan *Division Finance Director*, Catalysts, Chemicals and Refining

M T Durney *President*, Catalysts and Chemicals

A J McCullough *General Manager*, Gold, North America

Fine Chemicals

N P H Garner *Division Director and Head of Corporate Development*

M Gaffney *Division Finance Director*

J B Fowler *President*, Pharmaceutical Materials and Services

R M Kilburn *Managing Director*, Macfarlan Smith

B C Singelais *President*, Global Research Chemicals

Corporate

G J Coates *Group Treasurer*

S Farrant *Group Legal Director and Company Secretary*

P C Framp *Deputy Director*, Group Environment, Health and Safety and Human Resources

I D Godwin *Director*, Investor Relations and Corporate Communications

V E Gough *Group Reporting Controller*

B A Murrer *Director*, Technology Centre

S P Robinson *Director of Tax*

F K Sheffy *Group Business Development Director*

I F Stephenson *Director*, Group Systems, Environment, Health and Safety and Human Resources

M V Twigg *Chief Scientist*

CORPORATE GOVERNANCE

Statement of Compliance with the Combined Code

This statement describes how the Main Principles of the Combined Code on Corporate Governance, issued by the Financial Reporting Council dated June 2008 (the Code), have been applied.

During the year ended 31st March 2010, the company has complied with all relevant provisions set out in Section 1 of the Code throughout the year except the following:

- *A.3.2 – At least half the board, excluding the chairman, should comprise non-executive directors determined by the board to be independent.*

During the period from 22nd June 2009, following the appointment of Mr R J MacLeod as Group Finance Director designate, to 21st July 2009, the board comprised five independent non-executive directors and six executive directors and therefore less than half of the board comprised independent non-executive directors. On 21st July 2009, following the retirement of Dr P N Hawker and Mr D W Morgan from the board and the appointment of Mr W F Sandford as an executive director, the number of executive directors was reduced to five. Since the retirement of Mr J N Sheldrick as Group Finance Director on 7th September 2009, more than half of the board has comprised independent non-executive directors. The board considers the one month period of non-compliance with this provision to be immaterial and was necessary in order to ensure orderly board succession.

- *D.1.1 – The senior independent director should attend sufficient meetings with a range of major shareholders to listen to their views in order to help develop a balanced understanding of the issues and concerns of major shareholders.*

During the year the board has taken the view that it is not necessarily practical, efficient or desired by shareholders for the Senior Independent Director to attend meetings with major shareholders in order to learn their issues and concerns unless such discussions are requested by shareholders. The methods by which major shareholders' views are communicated to the board as a whole are discussed under 'Relations with Shareholders' on page 41.

Directors and the Board

The board is responsible to the company's shareholders for the group's system of corporate governance, its strategic objectives and the stewardship of the company's resources and is ultimately responsible for social, environmental and ethical matters. The board held seven meetings in the year and in addition met separately to review the group's long term strategy. The board delegates specific responsibilities to board committees, as described below. The board reviews the key activities of the business and receives papers and presentations to enable it to do so effectively. The Company Secretary is responsible to the board, and is available to individual directors, in respect of board procedures.

The board comprises the Chairman, the Chief Executive, three other executive directors and five independent non-executive directors. Mr N A P Carson is the Chief Executive. Sir John Banham is the Chairman. Sir John's other commitments are disclosed on page 38. The roles of Chairman and Chief Executive are separate. The Chairman leads the board, ensuring that each director, particularly each non-executive director, is able to make an effective contribution. He monitors, with assistance from the Company Secretary, the information distributed to the board to ensure that it is sufficient, accurate, timely and clear. The Chief Executive maintains day-to-day management responsibility for the company's operations, implementing group strategies and policies agreed by the board.

The role of non-executive directors, who are appointed for specified terms subject to re-election and to Companies Acts provisions relating to the removal of a director, is to enhance independence and objectivity of the board's deliberations and decisions. Mr A M Thomson is the Senior Independent Director. Each non-executive director is considered by the board to be independent in character and

judgment and there are no relationships or circumstances which are likely to affect, or could appear to affect, the director's judgment.

The executive directors have specific responsibilities, which are detailed on pages 38 and 39, and have direct responsibility for all operations and activities.

In accordance with the company's Articles of Association, all directors submit themselves for re-election at least once every three years. The board composition allows for changes to be made with minimum disruption.

Regular business presentations from senior managers at board meetings assist the non-executive directors in familiarising themselves with the group's businesses. The board also usually holds at least one board meeting per year at one of the group's operational sites and takes the opportunity to tour the site and discuss issues with local senior and middle management. During the year ended 31st March 2010 the board visited the new methanol synthesis catalyst manufacturing plant in Clitheroe, UK and the Emission Control Technologies' manufacturing facilities in Royston, UK. Individual non-executive directors also undertake site visits. Such presentations, meetings and site visits help to give a balanced overview of the company. They enable the non-executive directors to build an understanding of the company's businesses, the markets in which the company operates and its main relationships and to build a link with the company's employees. This is important in helping the non-executive directors to continually develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant. Account is taken of environmental, social and governance matters in the training of directors.

During the year the board undertook a formal evaluation of its performance and the performance of its committees and the individual directors. The Deputy Company Secretary conducted face to face interviews with each individual director based on a standard questionnaire. The interviews focused on the operation of the board and its committees and on individual directors' contributions. Separately, the Chairman held a series of one to one discussions with each director to provide them with an opportunity to expand on their responses, to raise any broader issues and to review their performance. A report was prepared on the findings of these interviews and it also contained a number of recommendations designed to ensure that the current high standards of governance and processes were maintained. The report has been considered by the board and the board approved its recommendations. The report concluded that the board and its committees continue to work effectively.

Led by the Senior Independent Director, the non-executive directors met without the Chairman present to appraise the Chairman's performance, taking into account the views of the executive directors.

Committees of the Board

The Chief Executive's Committee is responsible for the recommendation to the board of strategic and operating plans and on decisions reserved to the board where appropriate. It is also responsible for the executive management of the group's business. The Committee is chaired by the Chief Executive and meets monthly (except in August). During the year it comprised the executive directors and six senior executives of the company.

The Audit Committee is a committee of the board whose purpose is to assist the board in the effective discharge of its responsibilities for financial reporting and corporate control. The Audit Committee meets quarterly and is chaired by Mr A M Thomson. It comprises all the independent non-executive directors with the group Chairman, the Chief Executive, the Group Finance Director and the external and internal auditors attending by invitation. A report from the Audit Committee on its activities is given on page 47. Mr Thomson has recent and relevant financial experience as former Finance Director of Smiths Group plc and currently as President of the Institute of Chartered Accountants of Scotland.

CORPORATE GOVERNANCE

Committees of the Board (continued)

Attendance at the board and board committee meetings in 2009/10 was as follows:

Director	Full Board		MDRC		Nomination Committee		Audit Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Sir John Banham	7	7	4	4	2	2	–	4 ⁽¹⁾
N A P Carson	7	7	–	4 ⁽¹⁾	–	2 ⁽¹⁾	–	4 ⁽¹⁾
Sir Thomas Harris	7	7	4	4	2	2	4	4
P N Hawker	3	3	–	–	–	–	–	–
R J MacLeod	5	5	–	–	–	–	–	3 ⁽¹⁾
D W Morgan	3	3	–	–	–	–	–	–
L C Pentz	7	7	–	–	–	–	–	–
M J Roney	7	7	4	4	2	2	4	4
W F Sandford	5	5	–	–	–	–	–	–
J N Sheldrick	3	3	–	–	–	–	–	2 ⁽¹⁾
D C Thompson	7	6 ⁽²⁾	4	4	2	2	4	4
A M Thomson	7	7	4	4	2	2	4	4
R J W Walvis	7	7	4	4	2	1	4	4

Notes

⁽¹⁾ Includes meetings attended by invitation for all or part of meeting.

⁽²⁾ Absence due to illness.

The Nomination Committee is a committee of the board responsible for advising the board and making recommendations on the appointment and, if necessary, dismissal of executive and non-executive directors. The Nomination Committee is chaired by Sir John Banham, the group Chairman, and also comprises all the independent non-executive directors. A report from the Nomination Committee on its activities is given on page 46.

The Management Development and Remuneration Committee (MDRC) is a committee of the board which determines on behalf of the board the fair remuneration of the executive directors and the Chairman and assists the board in ensuring that the current and future senior management of the group are recruited, developed and remunerated in an appropriate fashion. The MDRC is chaired by Mr R J W Walvis and comprises all the independent non-executive directors together with the group Chairman. The Chief Executive and the Director of Human Resources attend by invitation except when their own performance and remuneration are discussed. Further details are set out in the Remuneration Report on pages 48 to 56.

Directors' Remuneration

The Remuneration Report on pages 48 to 56 includes details of remuneration policies and of the remuneration of the directors.

Relations with Shareholders

The board considers effective communication with shareholders, whether institutional investors, private or employee shareholders, to be extremely important.

The company reports formally to shareholders when its full year and half year results are published. These results are posted on Johnson Matthey's website (www.matthey.com). At the same time, executive directors give presentations on the results to institutional investors, analysts and the media in London and other international centres. Live audiocasts of the results presentations in London are available on the company's website and copies of major presentations are also posted on the company's website.

The company's Annual General Meeting takes place in London and formal notification is sent to shareholders at least 20 working days in advance of the meeting. The directors are available for questions, formally during the Annual General Meeting and informally afterwards. Details of the 2010 Annual General Meeting are set out in the notice of the meeting accompanying this Annual Report.

Contact with major shareholders is principally maintained by the Chief Executive and the Group Finance Director, who ensure that their views are communicated to the board as a whole. The Chairman is also available to discuss governance and other matters directly with major shareholders. The board believes that appropriate steps have been taken during the year to ensure that the members of the board, and in particular the non-executive directors, develop an understanding of the views of major shareholders about the company. The board is provided with brokers' reports at every board meeting and feedback from shareholder meetings on a six-monthly basis. The canvassing of major shareholders' views for the board in a detailed investor survey is usually conducted every two years by external consultants. The board has taken the view that these methods, taken together, are a practical and efficient way both for the Chairman to keep in touch with major shareholder opinion on governance and strategy and for the Senior Independent Director to learn the views of major shareholders and to develop a balanced understanding of their issues and concerns. The Senior Independent Director and other non-executive directors are available to attend meetings with major shareholders if requested, however no such meetings were requested during the year.

Accountability, Audit and Control

In its reporting to shareholders, the board aims to present a balanced and understandable assessment of the group's financial position and prospects. The statement of the Responsibility of Directors for the preparation of the Annual Report and Accounts is set out on page 57.

The group's organisational structure is focused on its three divisions. These are all separately managed but report to the board through a board director. The executive management team receives monthly summaries of financial results from each division through a standardised reporting process. The group has in place a comprehensive annual budgeting process including forecasts for the next two years. Variances from budget are closely monitored.

The Group Control Manual, which is distributed to all group operations, clearly sets out the composition, responsibilities and authority limits of the various board and executive committees and also specifies what may be decided without central approval. It is supplemented by other specialist policy and procedures manuals issued by the group, divisions and individual businesses or departments. The high intrinsic value of many of the metals with which the group is associated necessitates stringent physical controls over precious metals held at the group's sites.

CORPORATE GOVERNANCE

Accountability, Audit and Control (continued)

The board has overall responsibility for the group's systems of internal control, including in respect of the financial reporting process, and for reviewing their effectiveness. The internal control systems are designed to meet the group's needs and manage the risks to which it is exposed, although these cannot be eliminated. Such systems can only provide reasonable but not absolute assurance against material misstatement or loss.

There is a continuous process for identifying, evaluating and managing the significant risks faced by the company. This process has been in place during the financial year and up to the date of approval of the Annual Report and Accounts. The board regularly reviews this process.

The assessment of group and strategic risks is reviewed by the board and updated on an annual basis. At the business level, the processes to identify and manage the key risks are an integral part of the control environment. Key risks and internal controls are the subject of regular reporting to the Chief Executive's Committee.

The Audit Committee monitors and reviews the effectiveness of the group's systems for internal financial control and risk management, considering regular reports from management and internal audit. The Audit Committee also considers reports from the external auditors on their evaluation of the systems of internal financial control and risk management. Amongst other matters, the Audit Committee reviews the group's credit control procedures and risks, controls over precious metals, IT controls and the group's corporate social responsibility reporting arrangements and whistleblowing procedures. The Audit Committee also reviews the performance of both the internal and external auditors.

The internal audit function is responsible for monitoring the group's systems of internal financial controls and the control of the integrity of the financial information reported to the board. The Audit Committee approves the plans for internal audit reviews and receives the reports produced by the internal audit function on a regular basis. Actions are agreed with management in response to any issues raised by the internal audit reports produced. Internal audit follows up the implementation of its recommendations, including any recommendations to improve internal controls, and reports the outcome to senior management and to the Audit Committee.

In addition, significant businesses provide assurance on the maintenance of financial and non-financial controls and compliance with group policies. These assessments are summarised by the internal audit function and a report is made annually to the Audit Committee. A report from the Audit Committee on its activities and on the work of internal audit is given on page 47.

The directors confirm that the system of internal controls for the year ended 31st March 2010 and the period up to 2nd June 2010 has been established in accordance with the revised Turnbull Guidance on Internal Control published by the Financial Reporting Council included with the Code. The directors have reviewed the effectiveness of the group's system of internal controls, including financial, operational and compliance controls and risk management systems. No significant failings or weaknesses were identified.

Corporate Social Responsibility

Measures to ensure responsible business conduct and the identification and assessment of risks associated with social, ethical and environmental matters are managed in conjunction with all other business risks and reviewed at regular meetings of the board, the Audit Committee and the Chief Executive's Committee.

A review of the group's policies and targets for corporate social responsibility (CSR) is set out in the Sustainability section of the Business Review on pages 29 to 37. A full version of the Sustainability Report is available on the company's website.

The identification and monitoring of environment, health and safety (EHS), social and governance risks are the responsibility of the CSR Compliance Committee, which is a sub-committee of the Chief Executive's Committee. It comprises the division directors, the Director of EHS, the Company Secretary and senior representatives of Group Legal, Internal Audit, Group EHS and other group functions. The Committee has specific responsibility for setting and overseeing compliance with the standards for group CSR performance through the development, dissemination, adoption and implementation of appropriate group policies and other operational measures. EHS performance is monitored using monthly statistics and detailed site audit reports. EHS performance is reviewed on a regular basis by the Chief Executive's Committee and an annual review is undertaken by the board.

Risks from employment and employee issues are identified and assessed by the Chief Executive's Committee and reported to the board.

Employment contracts, handbooks and policies specify acceptable business practices and the group's position on ethical issues. The Group Control Manual and security manuals provide further operational guidelines to reinforce these.

The Audit Committee reviews risks associated with corporate social responsibility on an annual basis and monitors performance through the annual control self-assessment process conducted by the internal audit function.

OTHER STATUTORY INFORMATION

Annual General Meeting

The notice of the 2010 Annual General Meeting of the company to be held on Wednesday 21st July 2010 at 11.00 am at The Institution of Engineering and Technology (The Lecture Theatre), 2 Savoy Place, London WC2R 0BL is contained in the circular accompanying this Annual Report, together with an explanation of the resolutions to be considered at the meeting.

Dividends

The interim dividend of 11.1 pence per share (2009 11.1 pence) was paid in February 2010. The directors recommend a final dividend of 27.9 pence per share in respect of the year ended 31st March 2010 (2009 26.0 pence), making a total for the year of 39.0 pence per share (2009 37.1 pence), payable on 3rd August 2010 to shareholders on the register at the close of business on 11th June 2010.

A Dividend Reinvestment Plan is in place which allows shareholders to purchase additional shares in the company with their dividend payment. Further information and a mandate can be obtained from the company's registrars, Equiniti, whose details are set out on page 115.

Share Capital

On 21st July 2009, the authorised share capital of the company was increased from £291,550,000 to £365,000,000. As at 31st March 2010, the company's authorised share capital was £365,000,000 divided into 365,000,000 ordinary shares of £1.00 each. The issued share capital of the company at 31st March 2010 was 214,675,736 ordinary shares of £1.00 each (excluding treasury shares). As at 31st March 2010, the company held 5,997,877 treasury shares. There were no purchases, sales or transfers of treasury shares during the year ended 31st March 2010. The company did not allot any shares during the year ended 31st March 2010.

At the 2009 Annual General Meeting, shareholders renewed the company's authority to make market purchases of up to 21,467,573 ordinary shares representing 10% of the issued share capital of the company (excluding treasury shares) as at 31st May 2009.

The company did not make any purchases of its own shares during the year ended 31st March 2010. Authority to purchase up to 21,467,573 shares remained in place at 31st March 2010. At the forthcoming Annual General Meeting the board will again seek shareholders' approval to renew the annual authority for the company to make purchases of its own shares through the market.

Rights and Obligations Attaching to Shares

The holders of ordinary shares are entitled to receive dividends when declared, to receive the company's report and accounts, to attend and speak at general meetings of the company, to appoint proxies and to exercise voting rights.

There are no restrictions on the transfer or limitations on the holding of ordinary shares and no requirements to obtain prior approval to any transfers except where the company has exercised its right to suspend their voting rights, withhold a dividend or prohibit their transfer following the failure by the member or any other person appearing to be interested in the shares to provide the company with information requested under section 793 of the Companies Act 2006. The directors may, in certain circumstances, also refuse to register the transfer of a share in certificated form which is not fully paid up, where the instrument of transfer does not comply with the requirements of the Articles of Association, or if entitled to do so under the Uncertificated Securities Regulations 2001. No ordinary shares carry any special rights with regard to control of the company and there are no restrictions on voting rights except that a shareholder has no right to vote in respect of a share unless all sums due in respect of that share are fully paid. There are no known agreements between holders of securities that may result in restrictions on the transfer of securities or on voting rights and no known arrangements under which financial rights carried by securities are held by a person other than the holder of the shares.

Shares acquired by employees through the Johnson Matthey employee share schemes rank equally with the other shares in issue and have no special rights. Voting rights in respect of shares held through the group's share incentive plans are not exercisable directly by participants however participants can direct the trustee of the plans to exercise voting rights on their behalf.

Employee Share Schemes

At 31st March 2010, 4,383 current and former employees, representing approximately 49.0% of employees worldwide, were shareholders in Johnson Matthey through the group's employee share schemes. Through these schemes, current and former employees held 3,919,782 shares (1.83% of issued share capital, excluding treasury shares). As at 31st March 2010, 511 current and former employees held options over 2,474,307 shares through the company's executive share option schemes.

Major Shareholders

As at 1st June 2010, the following information had been disclosed to the company under the Financial Services Authority's Disclosure and Transparency Rules in respect of holdings exceeding the 3% notification threshold:

	Nature of holding	Total voting rights	% of total voting rights ⁽¹⁾
BlackRock, Inc.	Indirect	25,058,443	11.67
	Financial Instrument (CFD)	467,339	0.22
Prudential plc	Direct	14,305,996	6.66
	Indirect	126,712	0.06
Vanguard Precious Metals & Mining Fund	Direct	10,850,000	5.05
Lloyds Banking Group plc	Indirect	10,490,545	4.89
Legal & General Group Plc	Direct	8,581,762	3.99

⁽¹⁾ Total voting rights attaching to the issued ordinary share capital of the company (excluding treasury shares) at the date of disclosure.

Directors

The following served as directors during the year ended 31st March 2010:

Sir John Banham	Mr L C Pentz
Mr N A P Carson	Mr M J Roney
Sir Thomas Harris (appointed 1st April 2009)	Mr W F Sandford (appointed 21st July 2009)
Dr P N Hawker (retired 21st July 2009)	Mr J N Sheldrick (retired 7th September 2009)
Mr R J MacLeod (appointed 22nd June 2009)	Mrs D C Thompson
Mr D W Morgan (retired 21st July 2009)	Mr A M Thomson
	Mr R J W Walvis

The names and biographical details of all the current directors are shown on pages 38 and 39.

In accordance with the provisions for retirement by rotation in the company's Articles of Association, Mr M J Roney, Mrs D C Thompson, Mr A M Thomson and Mr R J W Walvis will retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-election. Also in accordance with the provisions of the company's Articles of Association, Mr W F Sandford will retire at the forthcoming Annual General Meeting and, being eligible, offer himself for election.

Details of the constitution of the board and its committees are set out on pages 40 and 41.

OTHER STATUTORY INFORMATION

Appointment and Replacement of Directors

The Articles of Association provide that the number of directors is not subject to any maximum but must not be less than six, unless otherwise determined by the company by ordinary resolution. Directors may be appointed by an ordinary resolution of the members or by a resolution of the directors. A director appointed by the directors must retire at the next following Annual General Meeting and is not taken into account in determining the directors who are to retire by rotation at the meeting.

At every Annual General Meeting at least one third of directors must retire by rotation. The directors to retire by rotation must include any director who has not been subject to election or re-election at the time of the two preceding Annual General Meetings, and (if so required to constitute one third of directors) those directors who have been longest in office since their last appointment or reappointment.

A director may be removed by a special resolution of the company. In addition, a director must automatically cease to be a director if (i) he or she ceases to be a director by virtue of any provision of the Companies Act 2006 or he or she becomes prohibited by law from being a director, or (ii) he or she becomes bankrupt or makes any arrangement or composition with his or her creditors generally, or (iii) he or she is suffering from a mental disorder, or (iv) he or she resigns from his or her office by notice in writing to the company or, in the case of an executive director, his appointment is terminated or expires and the directors resolve that his office be vacated, or (v) he or she is absent for more than six consecutive months without permission of the directors from meetings of the directors and the directors resolve that his or her office be vacated or (vi) he or she is requested in writing, or by electronic form, by all the other directors to resign.

Powers of the Directors

The powers of the directors are determined by the company's Articles of Association, the Companies Act 2006 and any directions given by the company in general meeting. The directors have been authorised by the Articles of Association to issue and allot ordinary shares and to make market purchases of shares. These powers are referred to shareholders at the Annual General Meeting for renewal. Any shares purchased may be cancelled or held as treasury shares.

Directors' Conflicts of Interests

Procedures are in place to ensure compliance with the directors' conflict of interest duties set out in the Companies Act 2006. The company has complied with these procedures during the year ended 31st March 2010 and the board believes that these procedures operate effectively. During the year the board undertook an annual review of previously approved conflict or potential conflict matters and agreed that they should continue to be authorised on the terms previously set out. In each case, the review was undertaken by directors who were genuinely independent of the conflict matter. No new conflict or potential conflict matters were approved during the year. The authorised conflict or potential conflict matters will continue to be reviewed by the board on an annual basis.

Directors' Indemnities

Under Deed Polls the company has granted indemnities in favour of each director of the company in respect of any liability that he or she may incur to a third party in relation to the affairs of the company or any group member. These provisions were in force during the year ended 31st March 2010 for the benefit of all persons who were directors of the company at any time during the year ended 31st March 2010 and remain in force for the benefit of all persons who are directors of the company as at the date when this report was approved.

Under Deed Polls the company has also granted indemnities in favour of each director of its subsidiaries in respect of any liability that he or she may incur to a third party in relation to the affairs of any group member. These provisions were in force during the year ended 31st March 2010 for the benefit of all persons who were directors of the subsidiaries at any time during the year ended 31st March 2010 and remain in force for the benefit of all persons who are directors of the subsidiaries as at the date when this report was approved.

Copies of the Deed Polls and the company's Articles of Association are available for inspection during normal business hours at the company's registered office and will be available for inspection at the forthcoming Annual General Meeting from 10.00 am on Wednesday 21st July 2010 until the conclusion of the meeting.

Corporate Governance and Remuneration

The board's statement on corporate governance matters is given on pages 40 to 42 and its report on directors' remuneration, which includes details of service contracts and the directors' interests in the shares of the company, is set out on pages 48 to 56.

Other than service contracts, no director had any interest in any material contract with any group company at any time during the year ended 31st March 2010.

Articles of Association

The Articles of Association may only be amended by a special resolution at a general meeting of the company. A special resolution proposing the adoption of new Articles of Association will be proposed at the forthcoming Annual General Meeting. Further details are set out in the Notice of the Annual General Meeting. The company's Articles of Association are available for inspection during normal business hours at the company's registered office and will be available for inspection at the forthcoming Annual General Meeting from 10.00 am on Wednesday 21st July 2010 until the conclusion of the meeting.

Change of Control

There are no significant agreements to which the company is a party that take effect following a change of control of the company but the company and its subsidiaries are party to a number of commercial agreements that may allow the counterparties to alter or terminate the agreements on a change of control of the company following a takeover bid. Other than the matters referred to below, these are not deemed by the company to be significant in terms of their potential effect on the group as a whole.

The group has a number of loan notes and borrowing facilities which may require prepayment of principal and payment of accrued interest and breakage costs if there is change of control of the company. The group has also entered into a series of financial instruments to hedge its currency, interest rate and metal price exposures which provide for termination or alteration if a change of control of the company materially weakens the creditworthiness of the group.

The company is party to a marketing agreement with a subsidiary of Anglo Platinum Limited, originally entered into in 1992, under which the company was appointed as sales and marketing agent for refined platinum group metals worldwide excluding the US and the company agreed to provide certain marketing services. The agreement contains provisions under which the counterparty may have the right to terminate the agreement on a change of control of the company.

The rules of the company's employee share schemes set out the consequences of a change of control of the company on participants' rights under the schemes. Generally such rights will vest and become exercisable on a change of control subject to the satisfaction of relevant performance conditions.

OTHER STATUTORY INFORMATION

Change of Control (continued)

The executive directors' service contracts each contain a provision to the effect that if the contract is terminated by the company within one year after a change of control of the company, the company will pay to the director as liquidated damages an amount equivalent to one year's gross basic salary and other contractual benefits less the period of any notice given by the company to the director. There are no other agreements between the company and its directors or employees providing for compensation for loss of office or employment (whether through resignation, purported redundancy or otherwise) on a change of control of the company following a takeover bid.

Other than the marketing agreement with a subsidiary of Anglo Platinum Limited referred to above, the group does not have any contractual or other arrangements with any persons which the directors consider are essential to the business of the company.

Disabled Persons

Details of the company's policy relating to the recruitment, employment and training of disabled employees can be found on page 32.

Employee Involvement

Information on the action taken by the company during the year relating to employee involvement can be found on pages 29 to 37.

Use of Financial Instruments

Information on the group's financial risk management objectives and policies and its exposure to price risk, credit risk, liquidity risk and cash flow risk can be found on pages 93 to 97.

Branches

The company and its subsidiaries have established branches in a number of different countries in which they operate.

Policy on Payment of Commercial Debts

The group's policy in relation to the payment of all suppliers (set out in its Group Control Manual, which is distributed to all group operations) is that payment should be made within the credit terms agreed with the supplier, subject to the supplier having performed its obligations under the relevant contract. It is not the group's policy to follow any specific code or standard on payment practice in respect of its suppliers. At 31st March 2010, the company's aggregate level of 'creditor days' amounted to 8 days. Creditor days are calculated by dividing the aggregate of the amounts which were outstanding as trade payables at 31st March 2010 by the aggregate of the amounts the company was invoiced by suppliers during the year ended 31st March 2010 and multiplying by 365 to express the ratio as a number of days.

Charitable Donations

During the year ended 31st March 2010 the group donated £458,000 (2009 £495,000) to charitable organisations worldwide, of which £298,000 (2009 £366,000) was in the UK.

Further details of contributions made by the group worldwide are given on pages 34 and 35 and in the Sustainability Report which can be found on the company's website at www.matthey.com.

Political Donations and Expenditure

It is the policy of the group not to make political donations. During the year ended 31st March 2010, no donations were made by the company or its subsidiaries to any EU political party, EU political organisation or to any EU independent election candidate (2009 £ nil), no EU political expenditure was incurred (2009 £ nil) and no contributions to political parties outside the EU were made within the meaning of Part 14 of the Companies Act 2006 (2009 £ nil).

Management Report

The Report of the Directors is the 'management report' for the purposes of the Financial Services Authority's Disclosure and Transparency Rules (DTR 4.1.8).

Auditors and Disclosure of Information

In accordance with section 489 of the Companies Act 2006, resolutions are to be proposed at the forthcoming Annual General Meeting for the reappointment of KPMG Audit Plc as auditors of the company and to authorise the directors to determine their remuneration.

So far as each person serving as a director of the company at the date this Report of the Directors was approved by the board is aware, there is no relevant audit information of which the company's auditors are unaware. Each director hereby confirms that he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The Report of the Directors was approved by the Board of Directors on 2nd June 2010 and is signed on its behalf by:



Simon Farrant
Company Secretary

NOMINATION COMMITTEE REPORT

Role of the Nomination Committee

The Nomination Committee is a committee of the board whose purpose is to advise the board on the appointment and, if necessary, dismissal of executive and non-executive directors. The full terms of reference of the Nomination Committee are provided on the company's website at www.matthey.com.

Composition of the Nomination Committee

The Nomination Committee comprises all the independent non-executive directors together with the group Chairman. The quorum necessary for the transaction of business is two, each of whom must be an independent non-executive director. Biographical details of the independent directors and the group Chairman are set out on pages 38 and 39. Their remuneration is set out on page 51.

The group Chairman acts as the Chairman of the Nomination Committee, although the group Chairman may not chair the Nomination Committee when it is dealing with the matter of succession to the chairmanship of the company. A non-executive director may not chair the Nomination Committee when it is dealing with a matter relating to that non-executive director.

Only members of the Nomination Committee have the right to attend Nomination Committee meetings. However, the Chief Executive, the Director of Human Resources, external advisers and others may be invited to attend for all or part of any meeting as and when appropriate.

The Company Secretary is secretary to the Nomination Committee.

The Nomination Committee has the authority to seek any information that it requires from any officer or employee of the company or its subsidiaries. In connection with its duties, the Nomination Committee is authorised by the board to take such independent advice (including legal or other professional advice, at the company's expense) as it considers necessary, including requests for information from or commissioning investigations by external advisers.

Main Activities of the Nomination Committee

The Nomination Committee met twice during the financial year ended 31st March 2010; on 2nd February and 30th March 2010.

The Nomination Committee met on 2nd February 2010 to discuss board succession and consider proposed recommendations to the board for extensions to the terms of appointment of Mr M J Roney, Mrs D C Thompson and Mr R J W Walvis. After full review, the Nomination Committee recommended second three year terms for Mr Roney and Mrs Thompson and an extension of the term for Mr Walvis of one year (taking his term of appointment to nine years). After review, the board accepted these recommendations at its meeting on 30th March 2010.

Also at its meeting on 2nd February 2010, the Nomination Committee noted that the Chairman, Sir John Banham, would serve as Chairman until the Annual General Meeting in July 2011 in accordance with the terms of his appointment and that he would not be seeking a further term beyond that date. Consideration therefore needed to be given to the appointment of a successor and it was agreed that a draft specification for the role should be prepared. This was subsequently prepared and, at its meeting on 30th March 2010, the Nomination Committee considered the draft specification and also considered initial proposals from a number of executive search consultants to assist in the recruitment process. The draft specification was approved and it was agreed that the selection process, including the selection of executive search consultants, should be led by the Senior Independent Director and the Chief Executive, assisted by the Director of Human Resources. At both meetings, the Senior Independent Director chaired the discussions relating to the Chairman's successor.

Also at its meetings on 2nd February and 30th March 2010, the Nomination Committee discussed the prospective retirement in September 2011 of Mr A M Thomson, the Senior Independent Director and Chairman of the Audit Committee, and Mr R J W Walvis, Chairman of the Management Development and Remuneration Committee. It was agreed that the process for succession should be instigated later in the year.

On behalf of the Nomination Committee:



Sir John Banham
Chairman of the Nomination Committee

AUDIT COMMITTEE REPORT

Role of the Audit Committee

The Audit Committee is a committee of the board whose responsibilities include:

- Reviewing the half-yearly and full year accounts and results announcements of the company and any other formal announcements relating to the company's financial performance and recommending them to the board for approval.
- Reviewing the group's systems for internal financial control and risk management.
- Monitoring and reviewing the effectiveness of the company's internal audit function and considering regular reports from internal audit on internal financial controls and risk management.
- Considering the appointment of the external auditors, overseeing the process for their selection and making recommendations to the board in relation to their appointment to be put to shareholders for approval at a general meeting.
- Monitoring and reviewing the effectiveness and independence of the external auditors, agreeing the nature and scope of their audit, agreeing their remuneration, and considering their reports on the company's accounts, reports to shareholders and their evaluation of the systems of internal financial control and risk management.

The full terms of reference of the Audit Committee are provided on the company's website at www.matthey.com.

Composition of the Audit Committee

The Audit Committee comprises all the independent non-executive directors. Biographical details of the independent directors are set out on pages 38 and 39. Their remuneration is set out on page 51. The Chairman of the Audit Committee is Mr A M Thomson, who was formerly Finance Director of Smiths Group plc and is currently President of the Institute of Chartered Accountants of Scotland. The group Chairman, Chief Executive, Group Finance Director, Head of Internal Audit and external auditors (KPMG Audit Plc) attend Audit Committee meetings by invitation. The Committee also meets separately with the Head of Internal Audit and with the external auditors without management being present. The Company Secretary is secretary to the Audit Committee.

Main Activities of the Audit Committee

The Audit Committee met four times during the financial year ended 31st March 2010. At its meeting on 29th May 2009 the Committee reviewed the company's preliminary announcement of its results for the financial year ended 31st March 2009, and the draft report and accounts for that year. The Committee received reports from the external auditors on the conduct of their audit, their review of the accounts, including accounting policies and areas of judgment, and their comments on risk management and control matters.

The Audit Committee met on 20th July 2009 to receive reports on internal controls from both the internal and external auditors and approve amendments to the Group Control Manual. The external auditors also presented their proposed fees and scope for the forthcoming year's audit. The Committee also assessed the performance of both the internal and external auditors. The review of the external auditors was used to confirm the appropriateness of their reappointment and included assessment of their independence, qualification, expertise and resources, and effectiveness of the audit process. The Committee recommended to the board the reappointment of KPMG Audit Plc as auditors. In addition, the Committee received a presentation on the group's taxation management processes and strategy from the group's Director of Tax. The group's Sustainability Report 2008/09 was also reviewed, which is available on the company's website at www.matthey.com.

At its meeting on 23rd November 2009 the Audit Committee reviewed the company's half-yearly results, the half-yearly report and the external auditors' review and also papers on credit control and credit risk and on litigation affecting the group. The Committee received a presentation on the risks facing the Emission Control Technologies business from the Environmental Technologies Division Finance Director.

At its meeting on 2nd February 2010 the Audit Committee reviewed management's and internal audit's reports on the effectiveness of the company's systems for internal financial control and risk management. The Committee reviewed the group's credit control procedures and risks, controls over precious metals and IT coverings. The group's corporate social responsibility reporting arrangements and whistleblowing procedures were also reviewed. Changes to the Group Control Manual were ratified. The Committee also received a presentation on the risks facing the Precious Metal Products Division from the Division Finance Director.

Since the year end the Committee has met to review the company's preliminary announcement of its results and draft report and accounts for the financial year ended 31st March 2010, and also the company's assessment of going concern.

Independence of External Auditors

Both the board and the external auditors have for many years had safeguards in place to avoid the possibility that the auditors' objectivity and independence could be compromised. Our policy in respect of services provided by the external auditors is as follows:

- Audit related services – the external auditors are invited to provide services which, in their position as auditors, they must or are best placed to undertake. This includes formalities relating to borrowings, shareholders' and other circulars, various other regulatory reports and work in respect of acquisitions and disposals.
- Tax consulting – in cases where they are best suited, we use the external auditors. All other significant tax consulting work is put out to tender.
- General consulting – in recognition of public concern over the effect of consulting services on auditors' independence, our policy is that the external auditors are not invited to tender for general consulting work where we believe it would compromise their audit independence and objectivity.

The split between audit and non-audit fees for the year ended 31st March 2010 and information on the nature of non-audit fees appear in note 5 on the accounts.

Internal Audit

During the year the Audit Committee reviewed the performance of the internal audit function, the findings of the audits completed during the year and the department's resource requirements and also approved the internal audit plan for the year ending 31st March 2011.

Internal audit independently reviews the risks and control processes operated by management. It carries out independent audits in accordance with an internal audit plan which is agreed with the Audit Committee before the start of the financial year.

The plan provides a high degree of financial and geographical coverage and devotes significant effort to the review of the risk management framework surrounding the major business risks.

Internal audit reports include recommendations to improve internal controls together with agreed management action plans to resolve the issues raised. Internal audit follows up the implementation of recommendations and reports progress to senior management and the Audit Committee.

The Audit Committee receives reports from the Head of Internal Audit on the department's work and findings.

The effectiveness of the internal audit function is reviewed and discussed on an annual basis with the Head of Internal Audit.

On behalf of the Committee:



Alan Thomson
Chairman of the Audit Committee

REMUNERATION REPORT

Remuneration Report to Shareholders

Management Development and Remuneration Committee and its Terms of Reference

The Management Development and Remuneration Committee of the board comprises all the independent non-executive directors of the company as set out on pages 38 and 39 and the group Chairman. The Chairman of the Committee throughout the year was Mr R J W Walvis.

The Committee's terms of reference include determination on behalf of the board of fair remuneration for the Chief Executive, the other executive directors and the group Chairman (in which case the group Chairman does not participate), which, while set in the context of what the company can reasonably afford, recognises their individual contributions to the company's overall performance. In addition, the Committee assists the board in ensuring that the current and future senior management of the group are recruited, developed and remunerated in an appropriate fashion. The Director of Human Resources, Mr I F Stephenson, acts as secretary to the Committee. The full terms of reference of the Committee are available on the company's website at www.matthey.com.

Non-executive directors' remuneration is determined by the board, within the limits prescribed by the company's Articles of Association. The remuneration consists of fees, which are set following advice taken from independent consultants and are reviewed at regular intervals.

Executive Remuneration Policy

The Committee believes strongly that remuneration policy should be closely aligned with shareholder interests. The Committee recognises that, in order to maximise shareholder value, it is necessary to have a competitive pay and benefits structure.

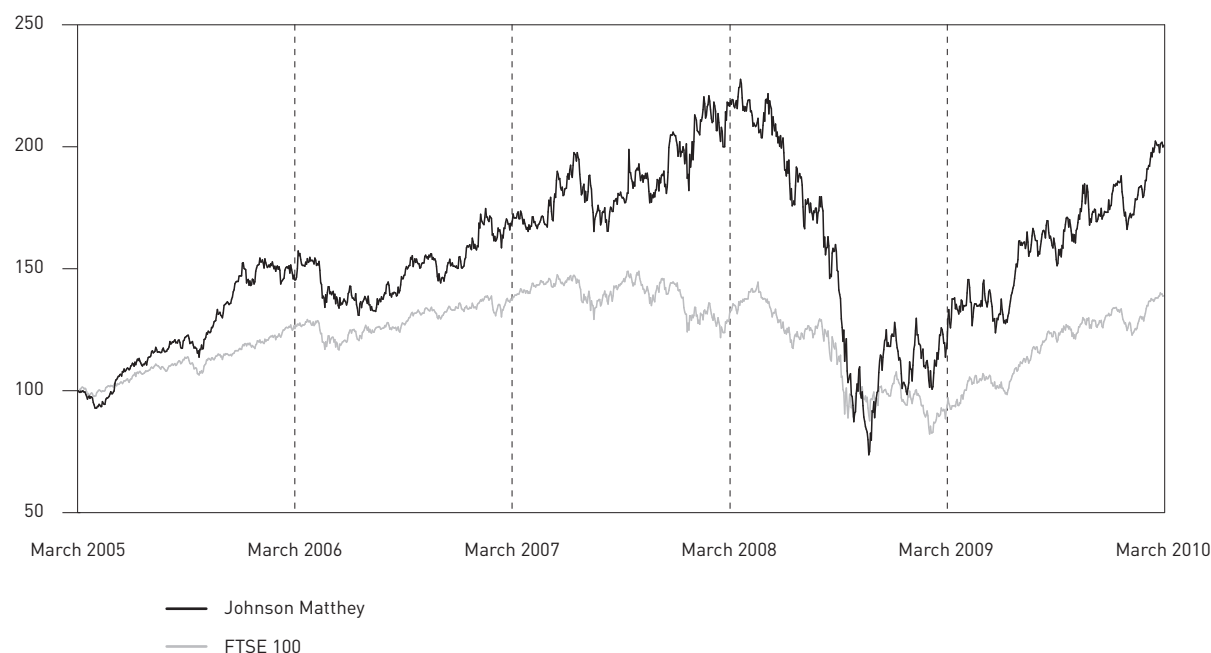
The Committee also recognises that there is a highly competitive market for successful executives and that the provision of appropriate rewards for superior performance is vital to the continued growth of the business. To assist with this, the Committee appoints and receives advice from independent remuneration consultants on the pay and incentive arrangements prevailing in comparably sized industrial companies in each country in which Johnson Matthey has operations. During the year, such advice was received from the Hay Group, which also provided advice on job evaluation, and PricewaterhouseCoopers LLP. PricewaterhouseCoopers LLP also provided expatriate tax advice and other tax advice, tax audit work, completion of overseas tax returns, advice on set up of new overseas operations and some overseas payroll services. A statement regarding the use of remuneration consultants for the year ended 31st March 2010 is available on the company's website at www.matthey.com. The Committee also receives recommendations from the Chief Executive on the remuneration of those reporting to him as well as advice from the Director of Human Resources. Total potential rewards are earned through the achievement of demanding performance targets based on measures that represent the best interests of shareholders.

The remuneration policy is normally reviewed by the Committee annually and a formal review is undertaken every three years. A triennial review was due to be held in 2009 but was delayed due to the uncertain market conditions at the time. It will be carried out in 2010, with any recommendations being implemented in 2011 subject to shareholder approval where necessary. Remuneration consists of basic salary, annual bonus, long term incentives and other benefits. Salaries are based on median market rates with incentives providing the opportunity for upper quartile total remuneration, but only for achieving outstanding performance.

To ensure the interests of the executive directors remain aligned with those of the shareholders, they are encouraged to build up over time and hold a shareholding in the company equal to at least their basic salary.

Johnson Matthey and FTSE 100 Total Shareholder Return rebased to 100

The following graph charts total cumulative shareholder return of the company for the five year period from 31st March 2005 to 31st March 2010 against the FTSE 100 as the most appropriate comparator group, rebased to 100 at 1st April 2005. Johnson Matthey was ranked 70th by market capitalisation in the FTSE 100 as at 31st March 2010.



REMUNERATION REPORT

Executive Remuneration

Executive directors' remuneration consists of the following:

- **Basic Salary** – which is in line with the median market salary for each director's responsibilities as determined by independent surveys. The remuneration comparator used by the Committee for executive directors other than the Chief Executive is the industrial and service sectors (excluding the oil and financial services sectors). In the case of the Chief Executive, the remuneration comparator group used by the Committee is based on FTSE 100 and 250 industrial companies (excluding the oil and financial services sectors) with market capitalisation of around £3 billion and with over 45% of revenue coming from overseas. Basic salary is normally reviewed on 1st August each year and the Committee takes into account individual performance and promotion during the year. Where an internal promotion takes place, the median salary relative to the market would usually be reached over a period of a few years, which can give rise to higher than normal salary increases while this is being achieved.
- **Annual Bonus** – which is paid as a percentage of basic salary under the terms of the company's Executive Compensation Plan (which also applies to the group's 190 or so most senior executives). The executive directors' bonus award is based on consolidated underlying profit before tax (PBT) compared with the annual budget. The Board of Directors rigorously reviews the annual budget to ensure that the budgeted PBT is sufficiently stretching. An annual bonus payment of 50% of basic salary (prevailing at 31st March) is paid if the group meets the annual budget. This bonus may rise on a straight line basis to a maximum 100% of basic salary if 110% of budgeted PBT is achieved. PBT must reach 95% of budget for a minimum bonus of 15% to be payable. The Committee has discretion to vary the awards made. The Committee has discretion in awarding annual bonuses and is able to consider corporate performance on environmental, social and governance issues when awards are made to executive directors. The Committee ensures that the incentive structure for senior management does not raise environmental, social and governance risks by inadvertently motivating irresponsible behaviour. The bonus awarded to executive directors for 2009/10 was 100% of basic salary at 31st March 2010 based on achieved PBT levels.
- **Long Term Incentive Plan (LTIP)** – which is designed to achieve above average performance and growth.

Share allocations made in 2007 and onwards – share allocations made in 2007 and onwards are made under the terms of the Johnson Matthey Long Term Incentive Plan 2007 (which also applies to the group's 850 senior and middle managers). Shares are released on the third anniversary of the allocation date and are subject to an earnings per share (EPS) performance target. Although the plan allows share allocations of up to a maximum of 200% of basic annual salary each year (to take account of evolution of market practice if required), it is the Committee's current intention that allocations will be no higher than 150% of basic salary each year, which is considered appropriate based on current market conditions. Whilst it is intended that this level of allocation should normally only be made to the Chief Executive, the Committee approved an allocation of 170% of basic annual salary to the newly appointed Group Finance Director in 2009 to ensure close alignment of his objectives with those of the shareholders.

The allocations in 2007 and in 2008 were 150% of basic annual salary for the Chief Executive and 120% for executive directors. The release of the share allocation is subject to the achievement of a performance target measured over a three year performance period commencing in the year of allocation. The performance target is based on the compound annual growth in the company's underlying EPS. The minimum release, of 15% of the allocation, requires underlying EPS growth of 6% compound per annum over the three year period. For the maximum release of 100%

of the allocation, underlying EPS must have grown by at least 15% compound per annum over the three year performance period. The number of allocated shares released will vary on a straight line basis between these points. There is no retesting of the performance target and so allocations will lapse if underlying EPS growth is less than 6% compound per annum over the three year performance period.

In 2009 the Committee approved an adjustment to the performance targets for one year only to reflect the market conditions prevailing at the time of allocation. The top ten major shareholders were consulted regarding this adjustment. For the 2009 allocation only, the minimum release, of 15% of the allocation, requires underlying EPS growth of 3% compound per annum over the three year period, with no retesting of the performance target. For the maximum release of 100% of the allocation, underlying EPS must have grown by at least 10% compound per annum over the three year performance period. As a result of this adjustment, the level of award was reduced to 120% of basic annual salary for the Chief Executive and 100% for executive directors (except for the newly appointed Group Finance Director as explained above).

Although growth in underlying EPS is the primary financial measure, it is also a key objective of the company to achieve earnings growth only in the context of a good performance on return on invested capital (ROIC). As a result of this adjustment, the Committee is required to make an assessment of the group's ROIC over the performance period to ensure underlying EPS growth has been achieved with ROIC in line with the group's planned expectations. The Committee may scale back vesting to the extent that ROIC has not developed appropriately.

Share allocations made prior to 2007 – Share allocations made prior to 2007 were made under the Johnson Matthey Long Term Incentive Plan which was established in 1998. The last allocation of shares under this plan was made in 2006 and these shares were released in 2009. No further allocations will be made under this plan. The allocations under this plan were subject to a relative total shareholder return (TSR) performance target. This compared the company's TSR over a three year performance period commencing in the year of allocation with that of a comparator group which comprised those companies placed 51-150 in the FTSE Index. All of the allocated shares were released if the company ranked in the 76th percentile or above. None of the shares were released if the company ranked in the 50th percentile or below. If the company ranked between these percentiles, 35% to 100% of the shares were released on a straight line basis. In addition, the company's EPS had to be at least equal to the increase in UK RPI plus 2% per annum over the three year performance period before any release was made. Shares were released on the third anniversary of the allocation date.

- **Share Options** – the Johnson Matthey Long Term Incentive Plan 2007 is now the company's single means for the provision of long term awards and from 2007 replaced the granting of share options under the Johnson Matthey 2001 Share Option Scheme (the 2001 Scheme). From 2001 to 2006 options were granted each year under the 2001 Scheme. There have been no option grants since 2006. Options were granted at the market value of the company's shares at the time of grant and were subject to performance targets over a three year period. Options may be exercised upon satisfaction of the relevant performance targets. Approximately 800 employees were granted options under the 2001 Scheme each year.

Options granted from 2004 to 2006 – Grants made in 2004, 2005 and 2006 were subject to a three year performance target of EPS growth of UK RPI plus 3% per annum. If the performance target was not met at the end of the three year performance period, the options lapsed as there was no retesting of the performance target. In addition, to reduce the cost calculated under the International Financial Reporting Standard 2 – 'Share-based Payment', gains made on the exercise of options are capped at 100% of the grant price.

REMUNERATION REPORT

Executive Remuneration (continued)

The Committee had the discretion to award grants greater than 100% of basic annual salary. Grants which were made above this threshold were, however, subject to increasingly stretching performance targets. Grants between 100% and 125% of basic annual salary were subject to EPS growth of UK RPI plus 4% per annum and grants between 125% and 150% of basic annual salary were subject to EPS growth of UK RPI plus 5% per annum. The executive directors were granted options equal to 150% of basic annual salary. All the options, other than those granted in 2006 which were subject to EPS growth of UK RPI plus 5% per annum, have met their performance targets. The 2006 options which did not meet their performance targets have lapsed.

Options granted prior to 2004 – Prior to 2004, options granted to the executive directors under the 2001 Scheme were up to a maximum of 100% of basic annual salary each year. Such options were subject to a performance target of EPS growth of UK RPI plus 4% per annum over any three consecutive years during the life of the option. The performance target was subject to annual retesting until the lapse of the options on the tenth anniversary of grant. All of these options have met their performance targets.

There were also options outstanding under the Johnson Matthey 1995 UK and Overseas Executive Share Option Scheme. The last option grant under this scheme was made in 2000. All options were granted in annual tranches up to the maximum permitted of four times earnings and were subject to a performance target of EPS growth of UK RPI plus 2% over the three year performance period. Option grants were not made to executive directors in the years 1998, 1999 and 2000.

- **Pensions** – all the executive directors are members of the Johnson Matthey Employees Pension Scheme (JMEPS) in the UK.

Full disclosure of the pension arrangements are set out on pages 55 to 56.

- **Other Benefits** – Other benefits available to the executive directors are private medical insurance, a company car and membership of the group's employee share incentive plans which are open to all employees in the countries in which the group operates such schemes.

- **Service Contracts** – The executive directors are employed on contracts subject to one year's notice at any time. On early termination of their contracts the directors would normally be entitled to 12 months' salary and benefits. The contracts of service of the executive directors and the terms and conditions of appointment of the non-executive directors are available for inspection at the company's registered office during normal business hours and at the forthcoming Annual General Meeting.

Former Directors

Dr P N Hawker and Messrs D W Morgan and J N Sheldrick left during the year.

Dr Hawker stepped down from the board on 21st July 2009 and his employment ceased on 31st July 2009. He received compensation for loss of office in accordance with his service contract of £443,000 and statutory redundancy payment of £10,000. Of this amount, £205,860 was paid into the pension scheme.

Mr Morgan stepped down from the board on 21st July 2009 and his employment ceased on 31st July 2009. He received compensation for loss of office in accordance with his service contract of £359,000, accrued holiday pay of £13,000, statutory redundancy payment of £8,000 and an additional year's credit into the pension scheme. To account for the credit in respect of this additional year's service, the compensation for loss of office payment was reduced by £23,000.

Mr Sheldrick retired on 7th September 2009 at the normal retirement age for directors of 60.

Directors' Emoluments 2009/10

	Date of service agreement	Date of appointment	Base salary £'000	Payment in lieu of pension ⁽¹⁾ £'000	Annual bonus £'000	Benefits £'000	Compensation for loss of office £'000	Total excluding pension £'000	Total prior year excluding pension £'000
Executive									
N A P Carson	1.8.99	1.8.99	700	175	700	21	–	1,596	979
R J MacLeod ⁽²⁾	3.2.09	22.6.09	294	–	285	12	–	591	–
L C Pentz ⁽³⁾	1.1.06	1.8.03	365	–	365	57	–	787	434
W F Sandford ⁽⁴⁾	21.7.09	21.7.09	209	52	200	10	–	471	–
Total Continuing Directors			1,568	227	1,550	100	–	3,445	1,413
Former Directors									
P N Hawker ⁽⁵⁾	1.8.03	1.8.03	113	28	113	8	453	715	487
D W Morgan ⁽⁶⁾	1.8.99	1.8.99	112	–	112	9	380	613	405
J N Sheldrick ⁽⁷⁾	24.11.97	3.9.90	194	48	185	6	–	433	626
Total Former Directors			419	76	410	23	833	1,761	1,518
Total			1,987	303	1,960	123	833	5,206	2,931

REMUNERATION REPORT

Directors' Emoluments 2009/10 (continued)

	Date of letter of appointment	Date of appointment	Fees £'000	Total excluding pension £'000	Total prior year excluding pension ⁽¹¹⁾ £'000
Non-Executive ⁽⁸⁾					
Sir John Banham (Chairman)	10.12.05	1.1.06	280	280	270
Sir Thomas Harris	22.1.09	1.4.09	45	45	–
M J Roney	29.3.07	1.6.07	45	45	45
D C Thompson	22.5.07	1.9.07	45	45	45
A M Thomson	1.8.02	24.9.02	50 ⁽⁹⁾	50	50
R J W Walvis	1.8.02	24.9.02	50 ⁽¹⁰⁾	50	50
Total			515	515	460

The aggregate amount of remuneration paid or receivable to directors and non-executive directors totalled £5,721,000 (2009 £3,436,000).

Notes

- (1) Messrs Carson and Sandford and Dr Hawker ceased to accrue pensionable service in the Johnson Matthey Employees Pension Scheme with effect from 31st March 2006 and Mr Sheldrick did so with effect from 31st March 2008. They received an annual cash payment in lieu of pension equal to 25% of basic salary. This is taxable under the PAYE system.
- (2) Mr MacLeod's emoluments relate to the period from 22nd June 2009 to 31st March 2010. Mr MacLeod is a non-executive director of Aggreko plc. His fees for the period from 22nd June 2009 to 31st March 2010 in respect of this non-executive directorship were £37,200. This amount is excluded from the table above and retained by him.
- (3) Mr Pentz is a non-executive director of Victrex plc. His fees for the year in respect of this non-executive directorship were £41,000. This amount is excluded from the table above and retained by him.
- (4) Mr Sandford's emoluments relate to the period from 21st July 2009 to 31st March 2010.
- (5) Dr Hawker stepped down from the board on 21st July 2009 and his employment ceased on 31st July 2009. Compensation for loss of office was in accordance with his service contract.
- (6) Mr Morgan stepped down from the board on 21st July 2009 and his employment ceased on 31st July 2009. Compensation for loss of office was in accordance with his service contract.
- (7) Mr Sheldrick retired on 7th September 2009 at normal retirement age for executive directors of 60.
- (8) Non-executive fees (other than for the Chairman) were reviewed on 1st May 2007 for the period from 1st April 2007 to 31st March 2010. The fees are £45,000 per annum, with the fee for chairmanship of committees being £5,000 per annum. The Chairman and the non-executive directors do not receive any pension benefits, LTIP allocations, share option grants or bonus payments. The Chairman's fees include £25,000 per annum to cover his administrative and secretarial support costs.
- (9) Includes £5,000 per annum for chairmanship of the Audit Committee.
- (10) Includes £5,000 per annum for chairmanship of the Management Development and Remuneration Committee.
- (11) Excludes the emoluments of Mr I C Strachan who retired on 31st March 2009. His emoluments were £45,000 bringing the total to £505,000.

Directors' Interests

The interests (in respect of which transactions are notifiable to the company under the Financial Services Authority's Disclosure and Transparency Rules) of the directors as at 31st March 2010 in the shares of the company were:

1. Ordinary Shares

	31st March 2010	31st March 2009
Sir John Banham	18,400	18,400
N A P Carson	174,027	143,258
Sir Thomas Harris	1,180	500 ⁽¹⁾
R J MacLeod	3,400	400 ⁽¹⁾
L C Pentz	24,968	19,464
M J Roney	3,000	3,000
W F Sandford	4,839	1,644 ⁽¹⁾
D C Thompson	9,721	9,721
A M Thomson	2,383	2,323
R J W Walvis	1,000	1,000

⁽¹⁾ At date of appointment.

All of the above interests were beneficial. The executive directors are also deemed to be interested in shares held by an employee share ownership trust (see note 32 on page 100).

Directors' interests as at 31st May 2010 were unchanged from those listed above, other than that the trustees of the Johnson Matthey Share Incentive Plan have purchased on behalf of Messrs Carson, Pentz and Sandford a further 45 shares each. In addition, Mr Carson has acquired 1 share through his automatic quarterly PEP reinvestment.

REMUNERATION REPORT

Directors' Interests (continued)

2. Share Options

As at 31st March 2010, individual holdings by the directors under the company's executive share option schemes were as set out below. Options are not granted to non-executive directors.

	Date of grant	Ordinary shares under option	Exercise price (pence)	Date from which exercisable	Expiry date	Total number of ordinary shares under option
Continuing Directors:						
N A P Carson	18.7.01	19,391	1,083.00	18.7.04	18.7.11	
	17.7.02	28,901	865.00	17.7.05	17.7.12	
	17.7.03	33,407	898.00	17.7.06	17.7.13	
	20.7.05	77,102	1,070.00	20.7.08	20.7.15	
	26.7.06	59,481	1,282.00	26.7.09	26.7.16	218,282 (2009 248,214)
L C Pentz	18.7.01	12,952	1,083.00	18.7.04	18.7.11	
	17.7.02	17,730	865.00	17.7.05	17.7.12	
	17.7.03	17,185	898.00	17.7.06	17.7.13	
	20.7.05	37,850	1,070.00	20.7.08	20.7.15	
	26.7.06	28,765	1,282.00	26.7.09	26.7.16	114,482 (2009 145,617)
W F Sandford	26.7.06	18,868	1,282.00	26.7.09	26.7.16	18,868 (2009 18,868) ⁽¹⁾
Former Directors:						
P N Hawker	20.7.05	37,850	1,070.00	20.7.08	20.7.15	
	26.7.06	34,518	1,282.00	26.7.09	26.7.16	72,368 ⁽²⁾ (2009 72,368)
D W Morgan	18.7.01	18,098	1,083.00	18.7.04	18.7.11	
	17.7.02	25,433	865.00	17.7.05	17.7.12	
	17.7.03	26,726	898.00	17.7.06	17.7.13	
	20.7.05	39,252	1,070.00	20.7.08	20.7.15	
	26.7.06	35,104	1,282.00	26.7.09	26.7.16	144,613 ⁽³⁾ (2009 144,613)
J N Sheldrick	18.7.01	25,854	1,083.00	18.7.04	18.7.11	
	17.7.02	34,682	865.00	17.7.05	17.7.12	
	17.7.03	36,191	898.00	17.7.06	17.7.13	
	20.7.05	52,570	1,070.00	20.7.08	20.7.15	
	26.7.06	39,003	1,282.00	26.7.09	26.7.16	188,300 ⁽⁴⁾ (2009 196,101)

Notes

⁽¹⁾ At date of appointment.

⁽²⁾ At date ceased to be a director (21st July 2009). In accordance with the rules of the 2001 Scheme, Dr Hawker was permitted to retain his options upon cessation of his employment and was given six months from the date of his cessation of employment in which to exercise them, subject to the relevant performance targets being met. Dr Hawker has subsequently exercised all his remaining options (66,615 in total).

⁽³⁾ At date ceased to be a director (21st July 2009). In accordance with the rules of the 2001 Scheme, Mr Morgan was permitted to retain his options upon cessation of his employment and was given six months from the date of his cessation of employment in which to exercise them, subject to the relevant performance targets being met. Mr Morgan has subsequently exercised all his remaining options (138,762 in total).

⁽⁴⁾ At date of retirement as a director (7th September 2009). In accordance with the rules of the 2001 Scheme, Mr Sheldrick was permitted to retain his options upon his retirement and was given six months from the date of his retirement in which to exercise them. Mr Sheldrick has subsequently exercised all his remaining options.

REMUNERATION REPORT

Directors' Interests (continued)

2. Share Options (continued)

Between 1st April 2009 and 31st March 2010 the following options were exercised by directors and former directors:

	Date of grant	Date of exercise	Options exercised	Exercise price (pence)	Market price on exercise (pence)
Continuing Directors:					
N A P Carson	22.7.99	12.6.09	18,035	585.50	1,228.32
L C Pentz	22.7.99	5.6.09	12,158	585.50	1,224.00
	17.7.03	10.6.09	5,000	898.00	1,232.00
	19.7.00	1.12.09	8,224	942.00	1,500.00
Former Directors:					
P N Hawker	20.7.05	16.10.09	37,850	1,070.00	1,474.04
	26.7.06	16.10.09	28,765	1,282.00	1,474.04
D W Morgan	17.7.02	17.12.09	21,965	865.00	1,519.00
	17.7.03	18.12.09	26,726	898.00	1,504.30
	20.7.05	30.12.09	6,542	1,070.00	1,530.00
	20.7.05	5.1.10	6,542	1,070.00	1,579.00
	20.7.05	8.1.10	26,168	1,070.00	1,595.00
	18.7.01	15.1.10	18,098	1,083.00	1,620.25
	17.7.02	15.1.10	3,468	865.00	1,613.00
	26.7.06	19.1.10	15,000	1,282.00	1,623.70
	26.7.06	29.1.10	8,402	1,282.00	1,466.50
	26.7.06	29.1.10	5,851	1,282.00	1,460.00
	J N Sheldrick	17.7.02	17.9.09	3,468	865.00
17.7.02		17.9.09	31,214	865.00	1,486.05
17.7.03		20.10.09	36,191	898.00	1,501.00
20.7.05		11.11.09	8,761	1,070.00	1,525.00
20.7.05		12.11.09	8,761	1,070.00	1,530.00
20.7.05		13.11.09	10,000	1,070.00	1,550.00
20.7.05		16.11.09	25,048	1,070.00	1,575.00
18.7.01		18.11.09	10,000	1,083.00	1,620.00
18.7.01		10.2.10	15,854	1,083.00	1,520.00
26.7.06		11.2.10	16,202	1,282.00	1,573.00
26.7.06		1.3.10	15,000	1,282.00	1,612.00
26.7.06		2.3.10	7,801	1,282.00	1,635.00

Gains made on exercise of options by the directors (including amounts after they ceased to be directors) during the year totalled £2,106,852 (2009 £208,496).

The closing market price of the company's shares at 31st March 2010 was 1,746 pence. The highest and lowest closing market prices during the year ended 31st March 2010 were 1,761 pence and 1,070 pence respectively.

Between 1st April 2009 and 31st March 2010 the following options lapsed as the relevant performance target was not met:

	Date of grant	Date of lapse	Options lapsed
Continuing Directors:			
N A P Carson	26.7.06	26.7.09	11,897
L C Pentz	26.7.06	26.7.09	5,753
W F Sandford	26.7.06	26.7.09	3,774
Former Directors:			
P N Hawker	26.7.06	26.7.09	5,753
D W Morgan	26.7.06	26.7.09	5,851
J N Sheldrick	26.7.06	26.7.09	7,801

REMUNERATION REPORT

Directors' Interests (continued)

3. LTIP Allocations

Share allocations made prior to 2007

Number of allocated shares:

	As at 31st March 2009	Shares released during the year	Allocations lapsed during the year	As at 31st March 2010
Continuing Directors:				
N A P Carson	56,148	42,112	14,036	–
L C Pentz	21,723	16,292	5,431	–
W F Sandford	12,665 ⁽¹⁾	9,499	3,166	–
Former Directors:				
P N Hawker	21,723	16,292	5,431	–
D W Morgan	22,091	16,568	5,523	–
J N Sheldrick	29,455	22,092	7,363	–

⁽¹⁾ At date of appointment.

On 3rd August 2009 shares allocated in 2006 (at an allocation price of 1,358 pence) under the LTIP were released to participants. The release of this allocation was subject to the achievement of a relative TSR performance target, further details of which can be found on page 49. The company's TSR performance relative to the comparator group qualified for a release of 75% of the allocated shares. This resulted in the following gains:

	Number of shares released	Share price when released (pence)	Gain £
Continuing Directors:			
N A P Carson	42,112	1,401.619	590,250
L C Pentz	16,292	1,401.619	228,352
W F Sandford	9,499	1,401.619	133,140
Former Directors:			
P N Hawker	16,292	1,401.619	228,352
D W Morgan	16,568	1,401.619	232,220
J N Sheldrick	22,092	1,401.619	309,646
Total			1,721,960

Share allocations made under the Johnson Matthey Long Term Incentive Plan 2007

Number of allocated shares:

	As at 31st March 2009	Allocations during the year	Market price at date of allocation (pence)	Lapsed during the year	As at 31st March 2010 ⁽²⁾
Continuing Directors:					
N A P Carson	112,943	71,611	1,173.00	–	184,554
R J MacLeod	– ⁽¹⁾	55,072	1,173.00	–	55,072
L C Pentz	44,180	31,116	1,173.00	–	75,296
W F Sandford	30,586 ⁽¹⁾	25,575	1,173.00	–	56,161
Former Directors:					
P N Hawker	44,180	–	–	21,710	22,470
D W Morgan	43,858	–	–	21,497	22,361
J N Sheldrick	58,017	37,936	1,173.00	62,772	33,181

Notes

⁽¹⁾ At date of appointment.

⁽²⁾ Under the rules of the Johnson Matthey Long Term Incentive Plan 2007, Dr Hawker, Mr Morgan and Mr Sheldrick have retained their share allocations.

These will be released on the normal release dates (the third anniversary of the allocation dates) subject to the performance targets over the whole of the performance periods. The extent to which the allocations will be released is subject to pro rating based on the time which has elapsed from the allocation dates to the dates of cessation of employment / retirement.

REMUNERATION REPORT

Pensions

Pensions and life assurance benefits for the executive directors are currently provided through the company's occupational pension scheme for UK employees – the Johnson Matthey Employees Pension Scheme (JMEPS) – which is constituted under a separate Trust Deed. JMEPS is an exempt approved scheme under Chapter I of Part XIV of the Income & Corporation Taxes Act 1988. It is also a registered scheme for the purposes of the Finance Act 2004.

All pension accruals under the final salary sections of JMEPS ceased on 31st March 2010. From 1st April 2010, retirement benefits for UK employees are being provided through a defined benefit career average salary pension arrangement (called the Johnson Matthey Pension Plan – JMPP). This includes executive directors whose benefits do not exceed the Life Time Allowance. JMPP is a subsidiary section of JMEPS. Defined benefits based on career average salaries are non-contributory. Members may pay contributions to a defined contribution account and the company will match contributions up to 3% of pensionable pay contributed each year.

Executive directors whose retirement benefits are valued in excess of the Life Time Allowance may withdraw from pensionable service

and receive instead a supplemental payment of 25% of basic salary each year. Mr Carson, Dr Hawker and Mr Sandford withdrew from pensionable service and ceased paying member contributions on 31st March 2006 and Mr Sheldrick did so on 31st March 2008. No pensionable service in JMEPS has been accrued by these directors since those dates. The change in accrued pensions for these directors in the tables below is attributable solely to the increase in basic salary in 2009/10 and the effect of negative inflation. The supplemental payments received by Mr Carson, Dr Hawker, Mr Sandford and Mr Sheldrick are reflected in the table on page 50. The payments for Dr Hawker and Mr Sheldrick ceased when they left employment on 31st July 2009 and 7th September 2009 respectively.

Member contributions paid by executive directors to the final salary sections of JMEPS increased from 6% to 7% with effect from 1st April 2009.

Disclosure of directors' pension benefits has been made under the requirements of the United Kingdom Listing Authority Listing Rules and in accordance with the Directors' Remuneration Report Regulations 2002. The information below sets out the disclosures under the two sets of requirements.

a. United Kingdom Listing Authority Listing Rules

	Age as at 31st March 2010	Years of JMEPS pensionable service at 31st March 2010	Directors' contributions to JMEPS during the year ^(1,2) £'000	Increase in accrued pension during the year (net of inflation) ⁽³⁾ £'000 pa	Total accrued pension as at 31st March 2010 ⁽⁴⁾ £'000 pa	Total accrued pension as at 31st March 2009 £'000 pa	Transfer value of increase in accrued pension (less directors' contributions) ⁽⁵⁾ £'000
Continuing Directors:							
N A P Carson	52	25	–	5	329	329	69
R J MacLeod ⁽²⁾	45	1	–	4	4	–	27
L C Pentz ⁽⁶⁾	54	25	26	11	83	76	148
W F Sandford	56	28	–	23	155	135	399
Former Directors:							
P N Hawker ^(7,9)	56	20	–	1	160	160	13
D W Morgan ^(8,9)	52	20	8	13	77	65	173
J N Sheldrick ⁽¹⁰⁾	60	17	–	4	73	69	89

b. Directors' Remuneration Report Regulations 2002

	Directors' contributions to JMEPS in the year ^(1,2) £'000	Increase in accrued pension in the year £'000 pa	Total accrued pension as at 31st March 2010 ⁽⁴⁾ £'000 pa	Transfer value of accrued pension as at 31st March 2010 ⁽⁵⁾ £'000	Transfer value of accrued pension as at 31st March 2009 ⁽⁵⁾ £'000	Increase in transfer value (net of directors' contributions) £'000
Continuing Directors:						
N A P Carson	–	–	329	4,952	3,921	1,031
R J MacLeod ⁽²⁾	–	4	4	27	–	27
L C Pentz ⁽⁶⁾	26	10	83	1,052	805	227
W F Sandford	–	20	155	2,734	2,005	729
Former Directors:						
P N Hawker ^(7,9)	–	–	160	2,712	2,421	291
D W Morgan ^(8,9)	8	12	77	1,090	730	352
J N Sheldrick ⁽¹⁰⁾	–	4	73	1,503	1,310	193

REMUNERATION REPORT

Pensions (continued)

Notes

- ⁽¹⁾ With the exception of Mr MacLeod who accrued benefits under JMPP, member contributions to the final salary section of JMEPS were paid at the general scheme rate of 7% of pensionable pay.
- ⁽²⁾ Mr MacLeod joined JMPP when he was appointed to the board on 22nd June 2009 and has paid voluntary contributions of 3% of pensionable pay to the defined contribution arrangement. In accordance with JMPP rules, the company paid a matching contribution of £8,550 into his defined contribution account.
- ⁽³⁾ The disclosure regulations require the pension accrued to the end of the previous year to be adjusted for inflation. In a period of negative inflation, this adjustment effectively reduces the previous year's accrued pension. For example, in the case of Mr Carson for whom there was no change in pensionable salary or service during the year, the increase in accrued pension is entirely due to the effect of negative inflation. Inflation was -1.4% for the year to 30th September 2009 as prescribed by the Revaluation Order (SI 2008 No. 3070) issued under the Pensions Schemes Act 1993.
- ⁽⁴⁾ The entitlement shown under 'Total accrued pension at 31st March 2010' is the pension which would be paid annually from normal retirement, based on pensionable service to 31st March 2010 (except in the case of Messrs Carson and Sandford whose pensionable service ceased on 31st March 2006). The pension would be subject to an actuarial reduction for each month that retirement precedes age 60.
- ⁽⁵⁾ The transfer values have been calculated on the basis of actuarial advice in accordance with the transfer value regulations. No allowance has been made in the transfer values for any discretionary benefits that have been or may be awarded under JMEPS. The transfer value in the United Kingdom Listing Authority Listing Rules is the value of the increase (net of inflation) in the accrued pension as at 31st March 2010. The transfer values in the Directors' Remuneration Report Regulations 2002 have been calculated at the start and the end of the year and, therefore, also take account of market movements.
- ⁽⁶⁾ Mr Pentz is a US citizen but became a member of JMEPS on 1st January 2006. Prior to that he was a member of the Johnson Matthey Inc. Salaried Employees Pension Plan (a non-contributory defined benefit arrangement) and a US savings plan (401k). He also has benefits in a Senior Executive Retirement Plan. The pension values reported above are the aggregate for his separate membership of the UK and US pension schemes and the Senior Executive Retirement Plan. US entitlements have been converted to sterling by reference to exchange rates on 31st March 2009 and 31st March 2010. Mr Pentz's US pension was fixed on 31st December 2005. The sterling equivalent of it has fluctuated over the year as a result of exchange rate movements. This is reflected in the transfer values.
- ⁽⁷⁾ Dr Hawker stepped down from the board on 21st July 2009 and his employment ceased on 31st July 2009. He chose to draw his retirement benefits immediately with effect from 1st August 2009 and his pension was reduced appropriately to take account of early retirement. Dr Hawker's pensionable service stopped on 31st March 2006 and the increase in pension is attributable only to an increase in basic salary. The company made an additional payment into JMEPS of £205,860 on a defined contribution basis.
- ⁽⁸⁾ Mr Morgan stepped down from the board on 21st July 2009 and his employment ceased on 31st July 2009. He has not drawn his retirement benefits, but holds a deferred pension in the scheme. In lieu of a contractual bonus earned in 2008/09, the company made an additional payment into JMEPS of £50,250 on a defined contribution basis.
- ⁽⁹⁾ Any tax liability arising out of regulations under the Finance Act 2009 that may become chargeable on the additional payments for Dr Hawker and Mr Morgan is the responsibility of these individuals.
- ⁽¹⁰⁾ Mr Sheldrick retired from the board at his normal retirement date, age 60, on 7th September 2009 and payment of his pension started from that date. As his pensionable service stopped on 31st March 2008, the increase in pension is attributable only to an increase in basic salary.

The Remuneration Report was approved by the Board of Directors on 2nd June 2010 and signed on its behalf by:



Robert Walvis

Chairman of the Management Development and Remuneration Committee