

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about its contents, or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000.

If you have sold or transferred all your shares in Johnson Matthey Public Limited Company, you should pass this document and the accompanying documents to the purchaser or transferee or to the person through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee.



Johnson Matthey

40-42 Hatton Garden, London EC1N 8EE
Telephone 020 7269 8400 Fax 020 7269 8433

18 June 2007

Dear Shareholder

2007 Annual General Meeting

The 2007 annual general meeting of the Company ("AGM") is to be held at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB on Tuesday 24 July 2007 at 12.00 noon. The formal Notice convening the meeting is set out on pages 5 to 8 of this document.

This circular provides you with an explanation of the resolutions to be proposed at the AGM and of the action you should take.

Resolution 1 – Report and accounts

Resolution 1 is an ordinary resolution under which the Company's annual accounts for the financial year ended 31 March 2007 together with the directors' report and the auditors' report are received. Shareholders will have received a copy of the 2007 Annual Report with this circular. Further copies will be available at the AGM. A copy may also be viewed on the Company's website, at www.matthey.com.

Resolution 2 – Directors' remuneration report

Resolution 2 is an ordinary resolution to receive and approve the directors' remuneration report for the year ended 31 March 2007.

This resolution is in compliance with The Directors' Remuneration Report Regulations 2002 which require quoted companies to put their directors' remuneration report to a vote at their annual general meeting. The directors' remuneration report, which summarises the Company's policy on directors' remuneration, is shown on pages 42 to 48 of the 2007 Annual Report.

Resolution 3 – Dividend declaration

Resolution 3 is an ordinary resolution by which shareholders are asked to declare a dividend. The directors recommend a final dividend of 23.7 pence per ordinary share in respect of the year ended 31 March 2007, payable to shareholders on the register at the close of business on 15 June 2007.

Resolutions 4 to 8 – Election and re-election of directors

Resolution 4 is an ordinary resolution which deals with the election of Mr MJ Roney, who was appointed to the board with effect from 1 June 2007.

Resolutions 5 to 8 are ordinary resolutions which deal with the re-election of Mr JN Sheldrick, Mr CD Mackay, Mr MB Dearden and Mr IC Strachan who, retiring by rotation, offer themselves for re-election.

Biographical details of all the directors are set out on pages 34 and 35 of the 2007 Annual Report. Biographical details of the directors standing for election and re-election are as follows:

M J Roney (Age 52) Non-executive Director

Mr Roney brings to the board of Johnson Matthey many years of experience of international business. He is currently Chief Executive of Bunzl plc. He joined Bunzl plc as a non-executive director in 2003. Prior to joining Bunzl he was 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. He is a member of the Management Development and Remuneration, Audit and Nomination Committees.

J N Sheldrick MA, MSc, FCMA, FCT (Age 57) Executive Director

Group Finance Director, joined Johnson Matthey as Executive Director, Finance in September 1990 and assumed current job title in September 1995. Previously Group Treasurer of The BOC Group plc and a non-executive director of API Group Plc. Currently a non-executive director of GKN plc.

C D Mackay MBA, MA (Age 67) Non-executive Director

Appointed a non-executive director in January 1999. Currently Chairman of TDG plc, Chairman of the Board of Trustees of Historic Royal Palaces, a member of the board of INSEAD and Advisory Director to the House of Habib. Previously Chairman of the Eurotunnel Group and Group Chief Executive and Deputy Chairman of Inchcape plc. Has also served on a number of boards including those of HSBC Holdings plc, British Airways plc, Gucci Group NV and Thistle Hotels plc. He is Senior Independent Director, Chairman of the Management Development and Remuneration Committee and a member of the Audit and Nomination Committees.

M B Dearden MA (Age 64) Non-executive Director

Appointed a non-executive director in April 1999. Currently a non-executive director of The Weir Group Plc and Travis Perkins plc. Previously Chief Executive of Castrol International and a main board director of Burmah Castrol plc. He is a member of the Management Development and Remuneration, Audit and Nomination Committees.

I C Strachan (Age 64) Non-executive Director

Appointed a non-executive director in January 2002. Currently a non-executive director of Reuters Group plc, Transocean Inc., Xstrata plc and Rolls Royce Group plc. Previously Chairman of Instinet Group Inc., Chief Executive of BTR plc and Deputy Chief Executive of Rio Tinto plc. He is a member of the Management Development and Remuneration, Audit and Nomination Committees.

The board considers Mr Mackay, Mr Dearden and Mr Strachan to be independent directors and, following formal evaluation (as referred to on page 38 of the 2007 Annual Report), that their performance continues to be effective and to demonstrate commitment to the role of non-executive director, including commitment of time for board and committee meetings. As explained in the Chairman's Statement in the 2007 Annual Report, both Mr Mackay and Mr Dearden will retire from the board at the end of the current financial year on 31 March 2008, when each will have served on the board for nine years.

As announced on 30 May 2007 and as referred to in the Chairman's Statement in the 2007 Annual Report, the Company has appointed Mrs DC Thompson as a non-executive director with effect from 1 September 2007. Mrs Thompson is currently Chief Executive of Drax Group plc, having joined the board of Drax as Chief Executive in 2005. Prior to joining Drax, Mrs Thompson was head of the European business of the global power generation firm, InterGen. First starting her career in banking, Mrs Thompson has had senior management roles in the UK, Asia and Africa. In accordance with the Company's Articles of Association, Mrs Thompson will be proposed for election at next year's annual general meeting.

Resolutions 9 and 10 – Auditors

Resolutions 9 and 10 are ordinary resolutions to reappoint KPMG Audit Plc as auditor of the Company until the conclusion of the next general meeting at which accounts are laid before the Company and to provide that their remuneration be determined by the directors.

Resolution 11 – Political donations

Resolution 11 is an ordinary resolution concerning Part XA of the Companies Act 1985 (as amended) (the "Act"), which was inserted by the Political Parties, Elections and Referendums Act 2000. Any donations to EU political organisations in excess of an aggregate of £5,000 in any twelve month period or any EU political expenditure by the Company and its subsidiaries must be authorised by the Company's shareholders.

The Company and its subsidiaries did not make any donations to political organisations in the last financial year and do not intend to do so in the current year. However, the very broad definitions of “donations”, “EU political organisations” and “EU political expenditure” under Part XA of the Act mean that what might otherwise be regarded as normal expenditure and activities (such as certain donations to charities or allowing employees leave to attend civic duties) may be construed as being covered by the legislation. To avoid the possibility of inadvertently contravening the Act, the directors consider that it would be prudent, as a precautionary measure, to follow the procedure specified in the Act to obtain shareholders’ approval for the Company to make donations to EU political organisations up to a maximum of £50,000 and to incur EU political expenditure of up to a maximum of £50,000 in the forthcoming year. The resolution does not purport to authorise any particular donation or expenditure but is in general terms as required by the Act.

Resolution 12 – Authority to allot relevant securities

Resolution 12 is an ordinary resolution to renew the authority of the directors to allot securities under section 80 of the Act. At the annual general meeting in July 2006, the directors’ authority to allot securities was extended to the conclusion of the next annual general meeting following that meeting. It is now proposed to extend that authority so that it applies until the conclusion of the next annual general meeting of the Company in 2008 and so that the maximum aggregate nominal value of securities which may be allotted will be £70,876,387, which is the nominal value of the existing authorised unissued ordinary share capital as at 31 May 2007 and represents 32.65% of the Company’s issued ordinary share capital as at 31 May 2007 (excluding treasury shares). As at 31 May 2007, the Company held 3,600,000 treasury shares, which represents 1.66% of the Company’s issued ordinary share capital (excluding treasury shares) as at that date. As at 12 June 2007, the latest practicable disclosure date before publication of this circular, the Company held 4,390,786 treasury shares which represents 2.03% of the issued ordinary share capital (excluding treasury shares) as at that date. The directors have no present intention of exercising the authority.

Resolution 13 – New Long Term Incentive Plan

Resolution 13 is an ordinary resolution to approve the introduction of a new Long Term Incentive Plan (“LTIP”). This follows a review by the Management Development and Remuneration Committee of existing incentive arrangements for senior executives and follows consultation with major shareholders and representative organisations. Further details are set out in the Appendices to this circular. Appendix 1 to this circular (pages 9 to 11) contains an explanatory memorandum and Appendix 2 to this circular (pages 12 and 13) contains a summary of the principal terms of the LTIP.

Resolution 14 – Dis-application of pre-emption rights

Resolution 14 is a special resolution to renew the authority of the directors, under section 95 of the Act, to allot equity securities for cash without first offering them pro-rata to existing shareholders as otherwise required by section 89 of the Act. The authority sought is limited to issues of equity securities (a) in connection with a rights issue or (b) otherwise than in connection with a rights issue, up to an aggregate nominal amount of £11,033,680 (being equivalent to 5% of the Company’s issued ordinary share capital as at 31 May 2007). The Board confirms its intention not to issue more than 7.5% of the Company’s issued ordinary share capital for cash other than to existing shareholders in any rolling three year period. The renewed authority would expire at the conclusion of the next annual general meeting of the Company in 2008. The directors may use the statutory authority to allot shares without complying with section 89 of the Act in relation to a sale of treasury shares.

Resolution 15 – Purchase of own shares

Resolution 15 is a special resolution to renew the authority granted to the directors at the annual general meeting in July 2006 for the Company to make purchases of its own ordinary shares through the market. The renewed authority would expire at the conclusion of the next annual general meeting of the Company in 2008. The maximum aggregate number of ordinary shares which may be purchased would be 21,707,361, which represents 10% of the Company’s issued ordinary share capital as at 31 May 2007 (excluding treasury shares).

The minimum price that could be paid for an ordinary share would be 100p and the maximum price would be an amount equal to 105% of the average of the middle market quotations for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share was contracted to be purchased, in each case excluding expenses.

The total number of options held over ordinary shares under the Company’s executive share option schemes was 9,070,501 as at 31 May 2007, representing 4.18% of the Company’s issued ordinary share capital as at 31 May 2007 (excluding treasury shares). This would increase to 4.64% if the authority to buy back shares under this resolution were to be used in full.

It is the Company’s present intention that any shares purchased under the authority sought by resolution 15 would be held by the Company as treasury shares. Any such shares held in treasury for the purpose of the Company’s employee share schemes would count towards the limits in such schemes.

The directors would only exercise the authority sought by resolution 15 after taking account of the overall financial position of the Company and in circumstances where they believed that to do so would result in an increase in earnings per share and be in the best interests of shareholders generally.

Resolution 16 – Adoption of new Articles of Association

Resolution 16 is a special resolution to adopt new Articles of Association. This follows the coming into force of certain parts of the new Companies Act 2006 (the “2006 Act”), in particular the new regime relating to communication with shareholders.

The new provisions in the 2006 Act, which were introduced on 20 January 2007, allow both the Company and shareholders to benefit from the broader use of electronic communication. Subject to the proposed amendments to the Company’s Articles of Association, the Company will be able to communicate electronically with shareholders who consent or who are deemed to have consented to receive shareholder documents electronically by placing shareholder documents (such as Annual Reports and notices of meetings) on the Company’s website.

By taking advantage of these new arrangements, the Company hopes to both reduce printing and mailing costs and to minimise the adverse environmental impact of printing and mailing the documents.

Subject to the passing of resolution 16, the Company proposes to write to shareholders as soon as practicable after the AGM to ask them, in accordance with the 2006 Act, how they would like to receive shareholder documents in future. The Company will seek each shareholder’s consent to receive documents via the Company’s website. Shareholders may elect still to receive hard copy shareholder documents by post. Shareholders who do not respond to the request for consent within 28 days after being contacted will be deemed to have consented to receiving such documents via the Company’s website. Shareholders who consent (or who are deemed to have consented) to receive shareholder documents via the Company’s website instead of having them sent in hard copy will be notified by the Company by post whenever they are added to its website. If shareholders wish to receive such notification by email they will be invited to provide their email address. Shareholders who have consented (or who are deemed to have consented) to receive shareholder documents via the Company’s website will still be able to notify the Company at any time that they wish to receive them in hard copy. As the Company will be writing to all shareholders after the AGM (subject to the passing of resolution 16), shareholders need take no action at present.

A summary of the proposed changes to the Articles of Association and additional background to the changes are set out in Appendix 3 to this circular. The summary has been prepared in order to assist shareholders in understanding the rationale for and substance of the proposed amendments. Although the new Articles of Association are largely unchanged from the Company’s current Articles of Association, it was felt preferable to adopt new Articles of Association rather than merely propose amendments. A copy of the proposed new Articles of Association is available on request from the Company Secretary at the Company’s registered office from the date of this circular to the date of the AGM and copies will be available at the AGM.

The Government is bringing the 2006 Act into force on staged commencement dates between January 2007 and October 2008. The Company will continue to review the new provisions when they come into force and will propose additional amendments to the Articles of Association where such amendments are considered necessary or appropriate.

Action to be taken

You will find enclosed a reply-paid form of proxy for use in connection with the AGM. Whether or not you are able to attend, you are requested to complete the form of proxy and return it in accordance with the instructions set out on the form to Lloyds TSB Registrars as soon as possible and, in any event, so as to arrive by no later than 12.00 noon on Sunday 22 July 2007. Alternatively, shareholders may register the appointment of a proxy electronically by logging onto Lloyds TSB Registrars’ website at www.sharevote.co.uk. Electronic proxy appointments must also be received by Lloyds TSB Registrars by no later than 12.00 noon on Sunday 22 July 2007. Proxy voting in respect of uncertificated shares may also be registered through CREST – see note 5 on page 8 of this circular. The completion and return of a form of proxy or the giving of an electronic proxy instruction will not preclude you from attending and voting in person at the AGM if you so wish.

Recommendation

The directors consider that all the proposed resolutions set out in the Notice of Annual General Meeting following this letter are in the best interests of the Company and of its shareholders as a whole and they unanimously recommend that you vote in favour of them, as each of the directors intends to do in respect of his own beneficial holding of shares in the Company.

Yours faithfully



Sir John Banham
Chairman



Johnson Matthey

Notice of Annual General Meeting

Notice is hereby given that the one hundred and sixteenth Annual General Meeting of Johnson Matthey Public Limited Company will be held at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB on Tuesday 24 July 2007 at 12.00 noon to consider and, if thought fit, to pass the following resolutions:

Ordinary Resolutions:

1. That the Company's annual accounts for the financial year ended 31 March 2007 together with the directors' report and the auditors' report on those accounts be received.
2. That the directors' remuneration report for the year ended 31 March 2007 and the auditors' report on the auditable part of the directors' remuneration report be received and approved.
3. That a final dividend of 23.7 pence per ordinary share in respect of the year ended 31 March 2007 be declared and payable to members on the register at the close of business on 15 June 2007.
4. That Mr MJ Roney, who was appointed to the board since the last annual general meeting and who retires in accordance with the Company's Articles of Association, be elected a director of the Company.
5. That Mr JN Sheldrick, who retires by rotation, be re-elected a director of the Company.
6. That Mr CD Mackay, who retires by rotation, be re-elected a director of the Company.
7. That Mr MB Dearden, who retires by rotation, be re-elected a director of the Company.
8. That Mr IC Strachan, who retires by rotation, be re-elected a director of the Company.
9. That KPMG Audit Plc be re-appointed as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
10. That the remuneration of the auditors be determined by the directors.
11. That, in accordance with section 347C of the Companies Act 1985 (as amended) (the "Act"), the Company be authorised:
 - a. to make donations to EU Political Organisations, as defined in section 347A of the Act, not exceeding £50,000 in total; and
 - b. to incur EU Political Expenditure, as defined in section 347A of the Act, not exceeding £50,000 in totalduring the period beginning with the date of the passing of this resolution and ending on 31 July 2008 or, if sooner, the conclusion of the annual general meeting of the Company to be held in 2008.
12. That the directors be and they are generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 (as amended) to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £70,876,387 provided that this authority is for a period expiring at the conclusion of the next annual general meeting of the Company after the passing of the resolution but the Company may, before such expiry, make offers or agreements which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of any such offers or agreements notwithstanding that the authority conferred by this resolution has expired. This authority is in substitution for all subsisting authorities, to the extent unexercised, and all such authorities are hereby revoked.
13. That the directors be authorised to establish the Johnson Matthey Long Term Incentive Plan 2007 in substantially the form described in Appendix 2 on pages 12 and 13, which forms part of this Notice of Annual General Meeting, and the directors be authorised to make any modifications or amendments which they consider to be necessary or desirable.

Special Resolutions:

14. That, subject to the passing of resolution 12 above, the directors be and they are empowered pursuant to section 95 of the Companies Act 1985 (as amended) (the "Act") to allot equity securities (within the meaning of sections 94(2) to 94(3A) of the Act) wholly for cash pursuant to the authority conferred by resolution 12 above or by way of a sale of treasury shares as if section 89(1) of the Act did not apply to any such allotment or sale, provided that this power shall be limited to the allotment of equity securities:
- a. in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to treasury shares, fractional entitlements or any legal or practical problems under the laws of any territory or the requirements of any regulatory body or stock exchange; and
 - b. otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £11,033,680
- and shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution, save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of any such offers or agreements notwithstanding that the power conferred by this resolution has expired.
- This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if, in the first paragraph of this resolution, the words "pursuant to the authority conferred by resolution 12 above" were omitted.
15. That, in accordance with Chapter VII of Part V of the Companies Act 1985 (as amended) (the "Act"), the Company be generally and unconditionally authorised to make market purchases (as defined in section 163(3) of the Act) of its own ordinary shares on such terms and in such manner as the directors may from time to time determine, provided that:
- a. the maximum aggregate number of ordinary shares hereby authorised to be purchased is 21,707,361 (representing 10% of the Company's issued ordinary share capital as at 31 May 2007, excluding treasury shares);
 - b. the minimum price which may be paid for an ordinary share is 100p (excluding expenses);
 - c. the maximum price which may be paid for an ordinary share is an amount equal to 105% of the average of the middle market quotations for an ordinary share of the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the ordinary share is contracted to be purchased (excluding expenses); and
 - d. unless previously renewed, revoked or varied, the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution, but a contract or contracts of purchase may be made before such expiry which will or may be executed wholly or partly thereafter and a purchase of shares may be made in pursuance of any such contract.
16. That the new Articles of Association of the Company, in the form produced to the meeting and initialled by the Chairman for the purposes of identification, shall be and are hereby adopted in substitution for and to the exclusion of the existing Articles of Association of the Company.

By order of the Board:

Johnson Matthey Public Limited Company
Registered Number: 33774

Simon Farrant
Company Secretary
18 June 2007

Registered Office:
40-42 Hatton Garden
London EC1N 8EE

NOTES

1. Appointment of proxies

A member entitled to attend and vote at the meeting convened by the Notice set out above is entitled to appoint a proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the Company. A proxy is not entitled to speak at the meeting, except to demand a poll, and may vote only when a poll is taken. A form of proxy is enclosed. To be effective, a form of proxy must be lodged at the offices of the Company's registrars, Lloyds TSB Registrars, The Causeway, Worthing, West Sussex BN99 6AX so as to be received no later than 12.00 noon on Sunday 22 July 2007. Completion of a form of proxy does not preclude a member from subsequently attending and voting at the meeting in person if he so wishes.

2. Electronic voting

Shareholders who prefer to register the appointment of their proxy electronically via the internet can do so through Lloyds TSB Registrars' website at www.sharevote.co.uk. Full details of the procedure are given on the website. The personal reference number, card ID and account number printed on the form of proxy will be required in order to use this electronic proxy appointment system. Alternatively, shareholders who have already registered with Lloyds TSB Registrars' on-line portfolio service, Shareview, can appoint their proxy electronically by logging onto their portfolio at www.shareview.co.uk and clicking on 'Company Meetings'. A proxy appointment made electronically will not be valid if sent to any address other than those provided or if received after 12.00 noon on Sunday 22 July 2007.

Shareholders who return a form of proxy or register the appointment of a proxy electronically will still be able to attend the meeting and vote in person if they so wish.

3. Documents available for inspection

The following documents are available for inspection at the registered office of the Company during normal business hours. They will also be available at Merchant Taylors' Hall, 30 Threadneedle Street, London EC2R 8JB from 11.00 am on Tuesday 24 July 2007 until the conclusion of the annual general meeting:

- The register of interests of the directors in the share capital of the Company.
- The contracts of service of the executive directors with the Company and any subsidiary undertakings.
- The non-executive directors' letters of appointment.
- Deeds of indemnity in favour of the directors.
- The proposed rules of the Johnson Matthey Long Term Incentive Plan 2007.
- The full terms of the proposed new Articles of Association.

Appendix 2 to this circular, which forms a part of this Notice of Annual General Meeting, summarises the main features of the proposed Johnson Matthey Long Term Incentive Plan 2007, but does not form part of the rules of the Plan and should not be taken as affecting the interpretation of the detailed terms and conditions constituting the rules. The directors reserve the right up to the time of the annual general meeting to make such amendments or additions as they may consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out in Appendix 2.

Appendix 3 to this circular, which forms a part of this Notice of Annual General Meeting, summarises the main features of the proposed new Articles of Association but should not be taken as affecting the interpretation of the detailed terms of the new Articles of Association. The directors reserve the right up to the time of the annual general meeting to make such amendments or additions as they may consider necessary or desirable, provided that such amendments and additions do not conflict in any material respect with the summary set out in Appendix 3.

4. Entitlement to attend and vote

In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those shareholders entered on the Company's register of members no later than 6.00 pm on Sunday 22 July 2007 or, if the meeting is adjourned, shareholders entered on the Company's register of members no later than 6.00 pm on the date two days prior to the adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register of members after 6.00 pm on Sunday 22 July 2007 (or after 6.00 pm on the date two days prior to any adjourned meeting) shall be disregarded in determining the rights of any person to attend or vote at the meeting.

5. Electronic proxy appointment through CREST

Shareholders whose shares are held in uncertificated form through CREST may also register the appointment of a proxy electronically by following the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), must refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with CRESTCo's specifications and must contain the information required for such appointment or instruction, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA01) by the latest time for receipt of proxy appointments specified in this Notice of Annual General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers, are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

APPENDIX 1

EXPLANATORY MEMORANDUM

Summary

The Company proposes to introduce a new Long Term Incentive Plan (“LTIP”). This follows a review by the Management Development and Remuneration Committee (the “MDRC” or the “Committee”) of existing incentive arrangements for senior executives and follows consultation with major institutional shareholders and representative organisations. A summary of the existing and proposed arrangements is set out below:

| | EXISTING ARRANGEMENTS | PROPOSED ARRANGEMENTS |
|--|---|---|
| Long-term awards through: | Option Scheme (senior executives and general management) Long Term Incentive Plan (senior executives only) | Long Term Incentive Plan only (senior executives and general management) |
| Face value of maximum award: | Option Scheme – up to 150% of basic annual salary Long Term Incentive Plan – up to 125% of basic annual salary | Long Term Incentive Plan: – up to 150% of basic salary for Chief Executive – up to 120% for other executive directors |
| Long Term Incentive Plan performance condition: | Relative Total Shareholder Return performance condition Earnings Per Share performance condition | Earnings Per Share performance condition |
| Annual bonus: | Maximum bonus of 100% of basic salary for executive directors Achieved at 115% of budget Vesting for achieving budget – 30% of basic salary | Maximum bonus of 100% of basic salary for executive directors Achieved at 110% of budget Vesting for achieving budget – 50% of basic salary |

Executive Remuneration Review

The MDRC believes strongly that remuneration policy should be closely aligned with shareholder interests. There is a highly competitive market for successful executives and the provision of appropriate rewards for superior performance is vital to the continued growth of the business. In order to assess whether the Company’s executive remuneration is meeting these objectives, the MDRC undertakes a full formal review every three years. The MDRC has recently undertaken such a review, in conjunction with independent external consultants, PricewaterhouseCoopers LLP.

Through this review, the MDRC has sought to ensure that the executive remuneration arrangements within Johnson Matthey support the objectives of the business, based on the following principles:

- Motivation of management, by having performance measures with strong line-of-sight to their performance, and targets that are realistically achievable.
- Simplicity, through a single long-term incentive plan with easily understood performance targets.
- Close alignment with shareholders, by requiring outstanding performance for full vesting and encouraging share ownership.
- Cohesion within the Johnson Matthey organisation, through the participation of all 800 of Johnson Matthey’s management team in the same programme, and by maintaining fair and appropriate reward differentials throughout the business.

Under the proposals outlined below, these principles have all been achieved within the MDRC’s objective not to increase the overall expected accounting costs of the remuneration arrangements.

The MDRC reviewed the total value and structure of remuneration for all executive directors and also considered the objectives of Johnson Matthey’s business going forward. Overall, the MDRC found that the current potential value of remuneration and the proportion of fixed and variable pay were appropriate. Accordingly, the proposals broadly maintain the current levels of overall remuneration and the balance between fixed and variable remuneration.

However, the MDRC considered that improvements could be made to the structure and performance measures of both the short and the long-term incentives in order to align them with Johnson Matthey’s objectives of delivering strong, sustainable earnings growth over the long-term.

Consultation Process

Following the review, the Chairman of the MDRC on behalf of the Committee wrote to Johnson Matthey's top ten institutional shareholders, together with representative organisations including the ABI and RREV/NAPF setting out the proposed changes to the executive remuneration and incentive arrangements and inviting views on these matters. The response received was very encouraging and views expressed were supportive and helpful. Clarification was sought on a number of points of detail and this was provided.

The Proposals

Long-term incentives

The MDRC reviewed the structure of the current share option scheme and long term incentive plan. In order to simplify the programmes and in order to reflect emerging UK market practice, the MDRC determined that Johnson Matthey should cease making awards under the Johnson Matthey 2001 Share Option Scheme (the "Option Scheme") and to commence providing all long-term awards through a long term incentive plan.

A new LTIP, to replace the Company's current LTIP which expires in 2008, is therefore proposed and it is not intended that any further allocations be made under the existing LTIP. It is expected that the first allocation under the new LTIP will be made in August 2007. The last allocation under the current LTIP was made in August 2006 and this allocation will vest in August 2009 (subject to the performance targets). The last grant of options under the Option Scheme was made in July 2006. These options will expire in July 2016.

As well as making allocations under the new LTIP to senior executives, the MDRC proposes to make allocations to general management who previously only received awards under the Option Scheme (and not under the existing LTIP).

The MDRC considers that the interests of the executive directors and of all Johnson Matthey's other managers would be better aligned with the long-term objectives of the business, and be more motivational for participants, by using a single group-wide plan targeted at Johnson Matthey's key business measure, earnings per share ("EPS"). Above-average EPS growth over the long-term is the Company's primary financial objective and is the key measure used for the business. Furthermore, EPS is well understood by general and senior management throughout the business and also by the investment community. There has historically been a close correlation between growth in Johnson Matthey's EPS and its share price.

The MDRC believes that it is important to balance the motivational impact of the LTIP with shareholder alignment. To this end, a vesting scale has been chosen that provides for a limited amount of vesting for a reasonably achievable threshold level of performance but with full vesting requiring truly outstanding performance. The proposed new LTIP will provide for allocations of shares which will only vest after three years upon the achievement of a performance target based on the growth in the Company's EPS. Minimum vesting of 15% of the allocation will commence at EPS growth of 6% (compound) per annum over a three year period, with no retesting. For maximum vesting (100%), EPS must have grown by at least 15% (compound) per annum over the three year performance period. Vesting will vary on a straight line basis between these points. Allocations will lapse if EPS growth is less than 6% (compound) per annum over the three year performance period. Save in unforeseen circumstances, it is not intended that these performance targets be altered. However, if such circumstances should arise, and where the MDRC determines that the performance targets are no longer having their desired effect, any amendments would only be effected after consultation with major shareholders.

| | Compound annual growth rate ("CAGR") in EPS | % of shares in an allocation which may be released |
|-----------------|--|---|
| Below Threshold | Below 6% pa | Nil |
| Threshold | 6% pa | 15% |
| | 6% – 15% pa | 15% – 100% pro-rata on straight line basis |
| Maximum | 15% pa or above | 100% |

The MDRC considered very carefully the appropriateness of continuing to use a Total Shareholder Return ("TSR") relative performance condition. EPS provides a much more direct link to executives' performance than relative TSR, which will improve the motivational performance of the arrangement, as it is proposed that the same performance conditions be used for all LTIP participants.

By contrast, relative TSR suffers due to both the difficulty of selecting an appropriate comparator group and the difficulty in directly motivating management. There is an insufficient selection of quoted peers in comparable areas of business activity. Use of a general market peer group (such as the FTSE 51-150, as at present) has meant comparing Johnson Matthey's performance to that of companies affected by very different economic and commercial forces. Further, the MDRC's experience over the last few years suggests that, because of this, management does not feel they can directly influence the Company's relative TSR performance. This is a particular issue where the performance of comparator organisations is impacted by external factors that do not affect Johnson Matthey.

Although growth in EPS is the primary financial measure, it is also a key objective of the Company to achieve earnings growth only in the context of high and sustained improvement over time in Return on Assets ("ROA"). Accordingly, the MDRC will be required to make an assessment of the Company's ROA over the performance period to ensure EPS growth has been achieved with ROA in line with the Company's planned expectations. The MDRC may scale back vesting to the extent that ROA has not developed appropriately. The MDRC considered setting an absolute target for ROA but felt that this might, in certain circumstances, discourage value enhancing investment activity. The MDRC will, therefore, use their judgement and discretion to make an appropriate assessment of the position, taking all relevant factors into consideration, at the actual time of vesting.

It is the MDRC's current intention that allocations will initially be no higher than 150% of basic salary per year, which is considered appropriate based on current market conditions. It is intended that this level of allocation should normally only be made to the Chief Executive. However, shareholder approval is sought to set an absolute maximum award level of 200% of basic salary under the LTIP to take account of evolution of market practice if required. The MDRC would not seek to make awards above 150% of basic salary without first consulting major shareholders.

Annual bonus

The MDRC reviewed the competitiveness of the annual bonus as part of the overall remuneration structure. Having reviewed the key performance drivers of the business, the MDRC concluded that profit before tax compared to budget remains the most appropriate performance measure for the annual bonus. The MDRC feels that the current maximum bonus of 100% of basic salary continues to remain appropriate.

However, the MDRC formed the view, based on analysis of the competitive market data, that the level of bonus vesting for meeting budget (30%) is no longer market competitive and does not allow executive directors to receive total cash remuneration in line with Johnson Matthey's overall remuneration policy. The MDRC, therefore, proposed that the proportion of bonus paid for achieving budget should increase from 30% to 50%.

In the context of Johnson Matthey's robust budget-setting process, requiring achievement of 115% of budget to achieve maximum pay-out was considered to be excessively stretching and its attainment so improbable as to be demotivating. For this reason, the MDRC has approved that maximum bonus payout should be achieved at 110% of budget. The budget for each financial year is subject to close scrutiny by the board and achievement of 110% of budget can be regarded as outstanding performance.

Your directors believe that the proposals are in the best interests of the Company and its shareholders as a whole. They therefore recommend that shareholders vote in favour of resolution 13 set out on page 5 of this document.

APPENDIX 2

SUMMARY OF THE PRINCIPAL TERMS OF THE PROPOSED JOHNSON MATTHEY LONG TERM INCENTIVE PLAN 2007

1. INTRODUCTION

The Johnson Matthey Long Term Incentive Plan 2007 (the "Plan") takes the form of conditional allocations of shares which are released if the performance target is satisfied. The Plan is unapproved and so, in the UK, income tax and NICs (via PAYE) are payable on release.

None of the benefits under the Plan are pensionable.

2. PLAN SHARES

Plan shares are ordinary shares in Johnson Matthey PLC.

New shares may be issued, shares may be transferred from treasury or existing shares may be purchased through the Johnson Matthey Share Retention Trust.

3. ALLOCATION

No amount is payable by participants on allocation.

Allocations may be made once a year, normally on or around 1 August. The initial allocation will be made on or around 1 August 2007.

4. INDIVIDUAL LIMIT

The individual annual limit is 200% of the participant's basic salary. It is proposed, however, that allocations would not be made in excess of 150% of basic salary without first consulting major shareholders.

In order to determine the number of shares comprised in an allocation, the above figure will be divided by the average of the price of a share over the 4 week period commencing on the announcement of the Company's results in the year in which the allocation is made.

5. ELIGIBILITY

All employees are eligible to participate in the Plan. It is intended, however, that participation will be restricted to general and senior management.

6. PLAN LIMITS

In any ten year period, the aggregate number of newly issued shares allocated under the Plan, when added to the number of newly issued shares allocated under all other employee share plans operated by the Company, must not exceed 10% of the issued ordinary share capital of the Company in issue immediately prior to that day (or 5% when aggregated with all other discretionary employee share plans operated by the Company).

While it remains best practice to do so, treasury shares will be treated as newly issued for the purpose of these limits.

7. PERFORMANCE TARGET

Allocations are made subject to the performance target.

Minimum vesting of 15% of the allocation will commence at earnings per share growth of 6% (compound) per annum growth over the three year performance period. For full vesting, earnings per share must have grown by at least 15% (compound) per annum over the three year performance period. Between these points, vesting will occur on a straight line basis. Allocations will lapse if earnings per share growth is less than 6% (compound) per annum over the three year performance period. The performance period will be the period of three financial years commencing with the financial year in which the allocation is made.

The extent to which the performance target will apply for leavers and on a takeover is dealt with overleaf.

8. RELEASE OF SHARES

Shares are automatically released after three years, provided that the performance target has been achieved. Allocations lapse if the performance target is not met.

9. LEAVERS

Generally, employees who leave will forfeit their allocations. The Plan provides, however, that participants who leave early on account of injury, disability or ill health, a sale of their employer or the business in which they are employed, statutory redundancy, retirement or other reasons with the approval of the Company's Management Development and Remuneration Committee ("MDRC") will not lose their awards. In these circumstances, allocations will continue to vest at the normal vesting date subject to the performance target.

The extent to which allocations will vest will be subject to pro-rating based on the time which has elapsed since the date of the allocation to the date of leaving.

The MDRC retains the discretion to allow for such allocations to be released early. Early release is also permitted in the event of death. Where allocations are released early they will vest subject to the pro-rated performance target (unless the MDRC considers it to be appropriate that a greater proportion should vest).

10. TAKEOVER, RECONSTRUCTION, VOLUNTARY WINDING-UP

In the case of a takeover, reconstruction by scheme of arrangement, winding-up or demerger, the Plan provides for an early release of shares subject to the pro-rated performance target. Awards would vest on a time pro-rata basis (unless the MDRC considers it to be appropriate that a greater proportion should vest).

In the case of a restructuring not involving a change of control, release will only be permitted if replacement allocations have not been made available.

11. VARIATION OF SHARE CAPITAL

In the event of any variation of share capital, special dividend or other similar event, the MDRC may make consequential adjustments to the number of shares subject to an allocation in order that a participant's allocation retains the same economic value.

12. ALTERATIONS

The Rules of the Plan may be altered at any time by the directors of the Company in any respect. However, prior approval of shareholders is required in respect of (a) any proposed alterations to the benefit of present or future participants, (b) eligibility, (c) Plan limits and (d) the maximum individual entitlement or the basis of determining a participant's entitlement to, and the terms of, shares (including any adjustments due to a variation of capital). Prior shareholder approval is not required where the alteration is minor to benefit administration, is necessary or desirable in order to obtain or maintain favourable tax treatment or to take into account proposed or existing legislation, law or regulatory requirements.

13. TRANSFER OF EMPLOYMENT OVERSEAS

Participants will be allowed to receive an early release of shares at the discretion of the MDRC if transferred from one jurisdiction to another, but subject to the same provisions as referred to in paragraph 9.

14. OVERSEAS SCHEMES

The Plan contains authority to establish sub-schemes for overseas employees. The sub-schemes will be based on the main Plan but modified to take into account local requirements.

APPENDIX 3

EXPLANATORY SUMMARY FOR PROPOSED AMENDMENTS TO BE INCORPORATED IN NEW ARTICLES OF ASSOCIATION

Set out below is a summary of the main differences between the current and the proposed new Articles of Association. This summary has been prepared in order to assist shareholders in understanding the rationale for, and substance of, the proposed amendments.

As explained in the Chairman's letter forming part of this circular, the proposed changes to the Articles of Association follow the coming into force of certain parts of the new Companies Act 2006 (the "2006 Act"). The proposed changes relate in particular to the new regime for electronic communication with shareholders. A change to the law on the regime for disclosure of interest in shares is also reflected in the proposed changes to the Articles of Association.

The number used below to identify each Article, unless otherwise indicated, corresponds to the numbering used in the Company's current Articles of Association.

A copy of the proposed new Articles of Association is available on request from the Company Secretary at the Company's registered office from the date of this circular to the date of the AGM and copies will be available at the AGM.

1. DEFINITIONS (ARTICLE 1)

Article 1(1) is amended as follows.

New definitions of "the 1985 Act", "the 2006 Act" and "the Acts" are inserted to cater for the fact that the 2006 Act is being brought into force, and the Companies Act 1985 (the "1985 Act") is being repealed in stages between January 2007 and October 2008. Consequential amendments are made throughout the Articles of Association to reflect the inclusion of these new definitions.

A new definition of "electronic address" is inserted to replace the current definition of "address". "Electronic address" means any number or address used for the purposes of sending or receiving notices, documents or information by electronic means. This definition corresponds with the relevant definition of "address" in the 2006 Act and is inserted because the term is used frequently in the new Articles of Association.

The definitions of "communication" and "electronic communication" are deleted as these relate to provisions in the 1985 Act which have been repealed in January 2007. Instead, the definitions of "electronic form" and "electronic means" are inserted to reflect the new terms under the 2006 Act.

Amendments to Article 1(6)(a) clarify that documents and information which are sent electronically or placed on a website by the Company are "in writing" for the purposes of the Articles of Association.

2. NOTICE OF GENERAL MEETINGS (ARTICLES 53 AND 54)

Article 53

The 2006 Act provides that when a company has given an electronic address in a notice of meeting or proxy, it is treated as having accepted that any communication in relation to that notice of meeting or form of proxy can be sent to that electronic address. Article 53 is amended to allow the Company to send such notices subject to conditions or limitations which may be contained in the notice itself.

Article 54

Under the 2006 Act, companies are able to use website communication with shareholders by express agreement and also as the default position if a shareholder does not respond to a request for that method of communication. If deemed consent is given by a shareholder, the Company must still send a notification in hard copy that there is a document on the website unless the shareholder has expressly consented to email communication and provided an email address.

The amendments to Article 54 deal with situations where, because of a postal strike or similar situation beyond the control of the Company, the Company is unable to send out hard copies of the notice of meeting, or unable to send out a notification that the notice of meeting has been placed on its website. The effect of the amendments is to ensure that such failure to give notice does not invalidate the proceedings of the meeting. The reason for the amendments is because there is doubt as to whether the traditional alternative route of sending the notice of meeting by advertisement in two national newspapers (and which is contained in Article 141 (new Article 141)) will still be available because the 2006 Act specifically requires the notice to be given in hard copy form, electronic form or by means of a website.

3. ELECTRONIC PROXIES (ARTICLES 76, 77, 78 AND 80)

The 2006 Act provides that when a company has given an electronic address in a notice of meeting or form of proxy, it is treated as having accepted that all communication in relation to that notice of meeting or form of proxy can be sent to that electronic address. Article 76 is amended to enable the Company to receive appointments of proxies in electronic form subject to the conditions or limitations which are specified in the notice of meeting. Articles 77, 78 and 80 in relation to the receipt of proxies are amended to bring them in line with the wording used under the 2006 Act.

4. SENDING OF NOTICES, DOCUMENTS AND INFORMATION (ARTICLES 137 AND 138)

Article 137

For the purposes of the new Articles of Association, any notice, document or information which is sent or given electronically or made available on a website by the Company is considered to be "in writing". Article 137 (new Article 137) is amended to reflect this position.

Article 138

Article 138 (relating to the giving of notice) is deleted and replaced with a new Article 138. New Article 138(1) gives the Company a general power to send or give any notice, document or information to any shareholder by a variety of methods such as in person, by post or in electronic form (such as by email), or by making it available on the Company's website. In addition to any notice, document or information which is specifically required to be supplied under the 2006 Act or the Articles of Association, new Article 138 will also allow the Company to send any other document or information to shareholders by the variety of methods described above.

If the Company gives any notice or sends any document or information to its shareholders by making it available on the Company's website, it must comply with the requirements of the new Article 138(2). As provided under the 2006 Act, the new Article 138(2) allows the Company to ask each individual shareholder for his or her consent to receive communications from the Company via a website. If the shareholder does not respond to the request for consent within 28 days, the Company may deem consent to have been given by the shareholder to receive communications in this way. When the Company makes a document available on its website, it must notify each shareholder who has consented (or is deemed to have consented) to receive documents via the website that the document is available on the website either by post or by email (if the shareholder has already agreed to receive documents electronically). A shareholder who has received a document via the website can request a hard copy of that document at any time. Shareholders can also revoke their consent to receive website communications at any time.

The new Article 138(3) deals with the case of joint holders of shares and provides that the agreement of the first-named holder on the register of shareholders to accept notices, documents or information electronically or via a website will be binding on the other joint holders.

The new Article 138(4) is to cater for situations where the provision of corporate information by electronic means may amount to a breach of securities laws of another jurisdiction. The effect of this new Article is to permit the Company not to give or send any notice, document or information to a shareholder whose registered address is not within the UK unless that shareholder has given a non-electronic address within the UK.

The new Article 138(5) ensures that the provisions in new Article 137 are subject to Article 54 (notices of general meetings) while the new Article 138(6) allows the Company to send only hard copies of any notices, documents or information to any shareholder if it decides to do so. The reason for this is to allow the Company to send hard copies if it needs to restrict the circulation of information in certain circumstances, such as for US securities law reasons.

5. PROVISIONS ABOUT NOTICES AND DEEMED DELIVERY (ARTICLES 141, 142, 143, 144 AND 145 AND NEW ARTICLE 146)

Article 141

The phrase "Subject to the Acts" has been added to the beginning of Article 141 (new Article 141), which deals with a situation where, because of a postal strike, the Company is unable to send out a hard copy of a notice of meeting.

Article 142

Article 142 (new Article 142) is also being amended to make it "subject to the Acts" and to provide for any notice, document or information (not being a notice of a general meeting) to be given by advertisement in at least one national daily newspaper published in the UK.

Article 143

Article 143 (new Article 143) sets out when notices, documents or information given or sent by the Company to its shareholders are deemed to be delivered. In the case of any notice to be sent by electronic means, for example, it will be deemed to have been received 24 hours after it was sent. In the case of a notice made available on a website, it will be deemed to have been received on the date on which notification of availability on the website is deemed to have been received in accordance with the Articles of Association or, if later, the date on which it is first made available on the website.

Article 144

Article 144 (new Article 144) governs the manner in which the Company gives notices to a person entitled to a share as a result of the death or bankruptcy of a shareholder. A minor amendment is made to this Article to ensure that it covers, in addition to notices, any “document or information” given by the Company to such persons.

Article 145

Article 145 (new Article 145) is amended to deal with notices, documents or information given or sent by the Company to a shareholder which have been returned undelivered after three consecutive occasions. The shareholder will only be entitled to receive such further communications on provision to the Company of a new postal or electronic address.

Article 146

New Article 146 is inserted to deal with the validation of documents in electronic form by shareholders where required by the Articles of Association. In the case of notices of meeting or proxies, any validation requirements must be specified in the notice.

6. DISCLOSURE OF INTERESTS IN SHARES (ARTICLES 45 AND 140)

The provisions relating to the disclosure of interests in shares contained in the 1985 Act, including Section 212 on company investigation powers, were repealed in January 2007. Provisions of the 2006 Act, which contain the corresponding company investigation powers previously contained in Section 212, were brought into force simultaneously. Articles 45 (new Article 45) and 140(2) (new Article 140(2)) are amended to reflect the replacement of the old provisions with the new.

The definition of “excepted transfer” in Article 45(5)(d)(i) is amended to refer to the definition of “takeover bid” set out in the 2006 Act to replace the definition in the 1985 Act. This is because the definition in the 1985 Act was repealed and replaced by that in the 2006 Act in April 2007.