

## KEY PERFORMANCE INDICATORS

COOKSON'S BOARD AND EXECUTIVES MONITOR A LARGE NUMBER OF FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS, REPORTED ON A PERIODIC BASIS, TO MEASURE THE GROUP'S PERFORMANCE OVER TIME

The Group's financial key performance indicators ("KPIs") are more fully defined in note 3.22 to the consolidated financial statements. Performance data in relation to the KPIs for 2008 and the prior year are discussed in more detail in the Operating Review, in the Financial Review and in the Health, Safety and Environmental Statement. Targets are set annually for these performance indicators through the Group's annual budgeting process, in line with the Group's strategic objectives.

Non-Financial KPIs	Purpose	2008 performance vs 2007
Rate of injuries and illness resulting in absence from work	Measured to monitor progress towards the Group's goal of zero work-related injuries and illness	<ul style="list-style-type: none"> <li>Rate of injuries and illness resulting in absence from work at 1.4% compared with 1.5% in 2007</li> </ul>
Research and development ("R&D") spend	Monitored to ensure that adequate resources are being invested to maintain the Group's strong pipeline of new products and services	<ul style="list-style-type: none"> <li>R&amp;D spend: £30.7m vs £23.1m in 2007</li> </ul>
Total energy consumption	Measured as part of the Group's programme to reduce energy usage and the associated carbon emissions	<ul style="list-style-type: none"> <li>Energy usage in manufacturing operations, excluding Foseco, for which comparative information is unavailable</li> <li>Gas use down 3.4%</li> <li>Electricity use down 6.7%</li> </ul>

Financial KPIs	Purpose	2008 performance vs 2007						
Underlying revenue growth	Provides an important indicator of organic or "like-for-like" growth of Group businesses between reporting periods. This measure eliminates the impact of exchange rates, metal prices, acquisitions, disposals and significant business closures. It is calculated using revenue for the Ceramics and Electronics divisions and net sales value for the Precious Metals division	<ul style="list-style-type: none"> <li>Underlying revenue growth:                             <table border="0"> <tr> <td>Ceramics</td> <td>+4%</td> </tr> <tr> <td>Electronics</td> <td>(9)%</td> </tr> <tr> <td>Precious Metals</td> <td>(2)%</td> </tr> </table> </li> </ul>	Ceramics	+4%	Electronics	(9)%	Precious Metals	(2)%
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Electronics	(9)%							
Precious Metals	(2)%							
Trading profit, return on sales ("RoS") and return on net sales value ("RoNSV")	Used to assess the underlying trading performance of Group businesses	<ul style="list-style-type: none"> <li>Group trading profit from continuing operations of £216.3m, up 28%</li> <li>RoS (at constant currency):                             <table border="0"> <tr> <td>Ceramics</td> <td>13.3%, down 1.1 pts</td> </tr> <tr> <td>Electronics</td> <td>8.3%, down 2.3 pts</td> </tr> </table> </li> <li>RoNSV (at constant currency):                             <table border="0"> <tr> <td>Precious Metals</td> <td>3.8%, down 6.6 pts</td> </tr> </table> </li> </ul>	Ceramics	13.3%, down 1.1 pts	Electronics	8.3%, down 2.3 pts	Precious Metals	3.8%, down 6.6 pts
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Headline profit before tax ("PBT") and headline earnings per share ("EPS")	Both used to assess the underlying financial performance of the Group as a whole	<ul style="list-style-type: none"> <li>Headline PBT: £176.2m, up 18%</li> <li>Headline EPS: 8.9p, up 9%</li> </ul>						
Free cash flow and average working capital to sales ratio	Free cash flow is used to assess the underlying cash-generation of the Group. One of the factors driving the generation of free cash flow is the average working capital to sales ratio, which indicates the level of working capital used in the business	<ul style="list-style-type: none"> <li>Free cash flow: £73.1m, up £25.5m</li> <li>Average working capital to sales of 24.2% (2007: 23.0%)</li> </ul>						
Return on net assets ("RONA") and return on investment ("ROI")	Both used to assess the profitability achieved from the Group's asset base	<ul style="list-style-type: none"> <li>Group ROI: 8.2% down 1.6 pts</li> <li>Divisional RONA:                             <table border="0"> <tr> <td>Ceramics</td> <td>34.5%, down 5.1 pts</td> </tr> <tr> <td>Electronics</td> <td>26.6%, down 13.4 pts</td> </tr> <tr> <td>Precious Metals</td> <td>5.9%, down 8.0 pts</td> </tr> </table> </li> </ul>	Ceramics	34.5%, down 5.1 pts	Electronics	26.6%, down 13.4 pts	Precious Metals	5.9%, down 8.0 pts
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Interest cover and net debt to EBITDA	Both used to assess the financial position of the Group and its ability to fund future growth	<ul style="list-style-type: none"> <li>Interest cover 7.6 times (2007: 12.0 times)</li> <li>Net debt to EBITDA 2.6 times (2007: 0.3 times)</li> </ul>						