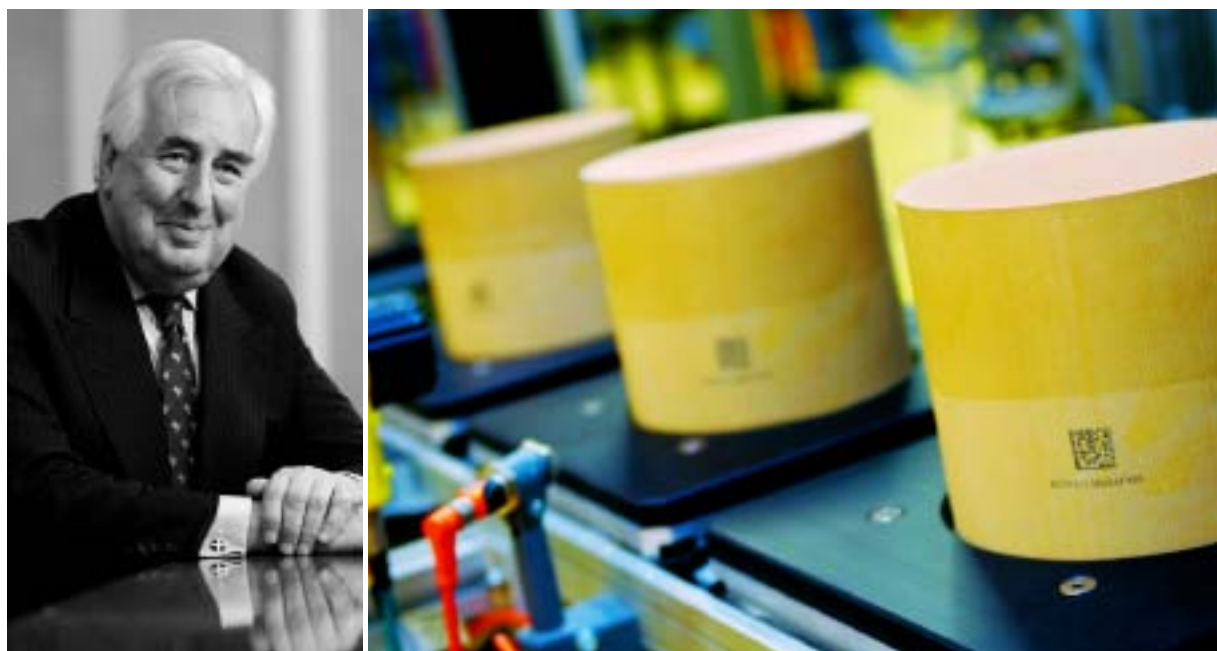


CHAIRMAN'S STATEMENT

Sir John Banham
Chairman



Catalysed diesel particulate filters.

I am very pleased to report that 2007/08 was another good year for Johnson Matthey. Your company has continued to build on its strong position in environmental technologies and is seeing the benefit of the investments that it has made over many years in research and development and in manufacturing facilities to serve growing markets around the world.

During the year we have continued to make substantial investments to ensure future growth. These have included new production facilities that have been completed in South Korea, the Russian Federation and in the UK and the acquisition of Argillon which has complemented our existing technology for controlling harmful emissions of oxides of nitrogen, or NO_x, from both mobile and stationary sources. This will provide opportunities in new markets as future legislation focuses on emissions from power generation and other large scale sources such as ships. As you will read later in this report we have also announced the construction of additional manufacturing facilities and the expansion of existing plants to serve growing demand for our high technology products around the world.

Most importantly, the year has seen us continue to make excellent progress towards achieving the board's main objective, that of delivering superior value to you, our shareholders.

Your board is fully committed to reporting on Johnson Matthey's sustainability performance. In my statement last year I wrote to you about the work that the management team had been doing to develop a sustainability strategy for the company. This year has seen a great deal of work being undertaken to define our vision for a sustainable future for our business and to begin to embed this in all of our operations around the world. A review of our performance and activities in this important area during the year is included in pages 29 to 35 of this Annual Report. Our first full Sustainability Report will be published on our website at www.matthey.com this July.

Our non-executive directors play a vital role in the governance of your company. Johnson Matthey is extremely fortunate to benefit from the knowledge and many years of experience of its strong team of independent directors. During 2007/08 we welcomed two new non-executive directors to the board, Dorothy Thompson, who is currently the Chief Executive of Drax Group plc, and Michael Roney, who is currently Chief Executive of Bunzl plc. Biographical details of Mrs Thompson and Mr Roney are presented in the Board of Directors information on pages 36 and 37 of this Annual Report.

As I announced in my statement last year, Charles Mackay and Mike Dearden retired from the board on 31st March 2008, having both served nine years as non-executive directors of Johnson Matthey. Charles Mackay joined the board in January 1999 and served as our Senior Independent Director from July 2003 until his retirement. He was also Chairman of the Management Development and Remuneration Committee. Mike Dearden joined the board in April 1999. During their time on the board Charles and Mike both made invaluable contributions to the strategic development of the company as the group was refocused on its core skills in catalysis, precious metals, fine chemicals and process technology and emerged as a world leading speciality chemicals company. We are very fortunate to have had the benefit of their vast experience of business in the UK and around the world and we will miss their strong contribution to the work of the board and their wise counsel. On behalf of all of us at Johnson Matthey, I would like to thank both Charles and Mike for the important contributions that they have made to the success of Johnson Matthey and to wish them all the very best for their retirement.

Following Charles Mackay's retirement, Alan Thomson has been appointed as Senior Independent Director and Robert Walvis as Chairman of the Management Development and Remuneration Committee. Alan Thomson remains Chairman of the Audit Committee.

Our employees at all levels of the organisation never fail to impress me with their enthusiasm, professionalism and dedication. On your behalf, I would like to thank all of them around the world for their contribution to the success of the company during the past year.

In conclusion, Johnson Matthey is in excellent shape and continues to make good progress towards delivering superior shareholder value. Our strategy has placed us in a very strong position to maintain growth despite the challenges presented by the state of many of the world's economies. Indeed, I believe that the company is exceptionally well positioned to make a significant contribution as rapidly developing economies such as China and India seek to tackle the major issues that they face in reducing air pollution and in responding to the escalating price of oil.

I am confident that Johnson Matthey will continue to achieve good growth for many years ahead and I look forward to reporting on further success in 2008/09.



Sir John Banham
Chairman