

CHAIRMAN'S STATEMENT

Sir John Banham
Chairman



I am pleased to report that Johnson Matthey performed well in the financial year 2008/09 despite the extremely difficult economic conditions that prevailed throughout the second half of the year. Following a very strong first half we felt the full force of the economic downturn that followed on from the severe problems in the global banking system, the resulting credit crunch and collapse in consumer confidence. The effect of the crisis on the automotive industry, particularly in the North American and European markets, was especially severe and resulted in quite unprecedented declines in vehicle production during our second half. The results achieved by Johnson Matthey in this environment are a great tribute to the strength of your company and the ability of its management team, which was able to take rapid action to reduce costs and adapt to quickly changing market conditions.

The drivers of our business, particularly those concerned with protecting the environment and improving energy security, remain firmly in place. Our commitment to investing in R&D remains as strong as ever as it provides the products and technologies that are vital if we are to maintain our world leading market positions and continue to grow our global businesses. Looking forward, your board will continue to support investment in new products to ensure the continued growth of the Johnson Matthey group and progress towards achieving the board's main objective, that of delivering superior value to its shareholders.

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. On 31st March 2009, Ian Strachan retired from the board after just over seven years service as a non-executive director of Johnson Matthey. Since joining the board in January 2002, Ian has made an invaluable contribution to the strategic development of the company. We are very fortunate to have had the benefit of his vast experience of UK and international business and we will miss his strong contribution to the work of the board. On behalf of all of us at Johnson Matthey, I would like to thank Ian for the important contribution that he has made to the success of the company and to wish him all the very best for the future.

Sir Thomas Harris joined the board as a non-executive director of the company with effect from 1st April 2009. Sir Thomas is 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 a Trustee of Asia House. Further biographical details of Sir Thomas Harris are presented in the Board of Directors information on page 39 of this Annual Report.

At the end of February the company announced that David Morgan, Executive Director, Group Corporate Development, had decided to stand down from the board at this year's Annual General Meeting and will be leaving the company. At the beginning of April it was announced that Dr Pelham Hawker, Executive Director, Process Technologies and Fine Chemicals & Catalysts, had decided to retire. He will also stand down from the board at the Annual General Meeting and leave the company.

David Morgan has been with Johnson Matthey for over 20 years, joining the company as a Division Finance Director in 1988. He has been a member of the board for almost ten years. As our executive director with responsibility for corporate development and legal and secretarial affairs, David played a leading role in the divestments and acquisitions that refocused the group on its core skills in catalysis, precious metals, fine chemicals and process technology.

Pelham Hawker has been with the company for 24 years, joining as Research & Development Manager in 1985. He has been a board member for almost six years. Throughout his long and distinguished career with Johnson Matthey, Pelham has been closely involved in all of our catalysts businesses and has played a leading role in their development. He was appointed to the board as Executive Director, Environmental Catalysts and Technologies in 2003 and in 2004 was appointed Executive Director, Process Catalysts and Technologies. He assumed additional responsibility for Pharmaceutical Materials Division in 2006 and has run our Fine Chemicals & Catalysts Division since it was created in 2007.

Both David and Pelham have made enormous contributions to the success of Johnson Matthey and on behalf of you all, shareholders and colleagues alike, I would like to thank them both for their hard work and dedication over many years of service and to wish Pelham a very happy retirement and David well in all of his future endeavours.

At the time that we announced Pelham Hawker's retirement we also announced the appointment of Bill Sandford as an executive director of the company. Bill has been with Johnson Matthey for 32 years and is currently Division Director, Precious Metal Products. He will join the board with effect from the end of the company's Annual General Meeting on 21st July 2009. We also announced that Larry Pentz had been appointed Executive Director, Environmental Technologies. The group's Emission Control Technologies, Process Technologies and Fuel Cells businesses now all report to Larry.

Finally, in February we announced the appointment later this year of Robert MacLeod as an executive director and Group Finance Director designate. Robert MacLeod, who is currently Group Finance Director of WS Atkins plc, will join the board with effect from 22nd June 2009. He will take over the role of Group Finance Director from John Sheldrick when he retires later this year.

The dedication, professionalism and enthusiasm of our employees at every level of the company never fails to impress me. On your behalf, I would like to thank all of our employees around the world for their contribution to the success of the company during a very challenging year.

In conclusion, Johnson Matthey remains in good shape and continues to make progress towards delivering superior shareholder value. Despite the current downturn in many of the world's economies, the global drivers for our business remain very much in place.



Sir John Banham
Chairman