

## To Our Shareholders

Sawai Pharmaceutical will pursue our mission of “Patients first” mindful of our responsibilities as the leading manufacturer of generic drugs in Japan.



Hiroyuki Sawai, Chairman

Mitsuo Sawai, President

*H. Sawai*

*M. Sawai*

Fiscal 2007, the year ended March 31, 2008, saw momentous decisions affecting Japan’s generic drugs industry. In the ethical drugs industry, the national government strengthened a system to promote and disseminate generic drugs (“generics”) with the establishment of a 30% target share for generic drugs in the Basic Policies on Economic and Fiscal Reform 2007, issued by the government in June 2007. As a result, in April 2008 the prescription form was once again revised. These developments mean that fiscal 2008 will be a genuine watershed year that can be properly called the dawning of the generics era in Japan.

At this critical juncture for the industry, on July 1, 2008 Sawai will celebrate the 60th anniversary of its founding. The Company regards fiscal 2008 as a turning point for growth, and in June 2008, embarked on a course of further development under a new management structure; Hiroyuki Sawai, who served as president and representative director for twenty years, became chairman and representative director, and Senior Managing Director Mitsuo Sawai became president and representative director.

Under the new management, the Company will move forward with the promotion of generics and business development.

At the same time, Sawai has undertaken to innovate the business structure by implementing a company-wide reorganization with the aim of increasing reliability, reinforcing cost competitiveness, enhancing marketing functions, reinforcing management control, and emphasizing efficiency and speed. We will seek new growth on the basis of a solid business structure adapted to changes in the market environment, even as we adhere to our long-established corporate culture.

Sawai intends to continue to pursue the mission “Patients First” and increase corporate value by meeting public requirements for generic drugs, including quality, stable supply and information provision, while maintaining awareness of our responsibility to lead the industry as the top generic drug brand in Japan.

We ask your continued support for our endeavors in the coming years.