

1. Consolidated operating results

(1)Results and Forecasts for Major Financial Indicators

(Billions of yen)

	2006.08		2007.02		2007.05		2007.08		2008.02 (Forecast)	
		YOY		YOY		YOY		YOY		YOY
Total Net Sales	706.2	100.7%	1,386.6	101.8%	346.8	102.6%	721.9	102.2%	1,434.0	103.4%
Operating Revenues	143.3	104.8%	283.0	105.6%	73.5	106.7%	153.3	107.0%	304.0	107.4%
Operating Profit	24.1	95.5%	44.5	101.5%	10.6	99.8%	25.5	105.5%	45.9	103.1%
Recurring Profit	24.3	97.2%	44.6	101.6%	10.6	97.3%	25.5	104.8%	45.5	101.9%
Net Profit	11.9	92.5%	20.9	95.3%	4.0	79.8%	12.3	103.3%	21.7	103.4%
Net Profit Per Share	¥114.72		¥201.50		¥38.56		¥117.94		¥207.78	
Net Assets	195.5		199.4		198.6		205.3			
Total Assets	420.3		398.2		430.5		422.4			
Pay Out Ratio	43.6%		49.6%		-		46.6%			
Net Assets Per Share	¥1,873.79		¥1,868.91		¥1,856.88		¥1,935.80			
ROA	6.1%		11.5%		2.6%		6.2%			
ROE	6.4%		11.3%		2.0%		6.2%			
Current Ratio	101.5%		103.8%		99.7%		101.3%			
Fixed Ratio	129.5%		127.4%		131.0%		127.3%			
Capital Adequacy Ratio	45.5%		49.0%		45.0%		47.8%			

Number of Stores	8,455	8,564	8,576	8,603
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Note: The operating revenues includes total sales of company-owned stores and royalties from franchised stores.

Note: The number of total stores is done in total about the number of stores of LAWSON, NATURAL LAWSON and LAWSON STORE 100.

(2)Number of stores

	2006.08	2007.02	2007.05	2007.08	2008.02 (Forecast)
Opening (+)	370	700	139	262	540
Closure (-)	281	502	127	223	440
Re-location (-)	99	156	37	64	-
Total Number Of Stores	8,455	8,564	8,576	8,603	8,664
Net Increase	89	198	12	39	100

Note: The number of stores of SHOP99 and naturalBeat is not included in the above mentioned table.

(3) Number of stores by region and prefecture

Region	Prefecture	06/8	07/2	07/8	Net Increase
Hokkaido	Hokkaido	501	500	499	-1
	Aomori	146	151	157	6
	Iwate	172	172	167	-5
	Miyagi	161	157	160	3
	Akita	135	136	140	4
	Yamagata	57	57	56	-1
	Fukushima	97	97	98	1
Tohoku		768	770	778	8
	Ibaraki	103	105	105	0
	Tochigi	105	103	105	2
	Gunma	71	69	71	2
	Saitama	333	333	340	7
	Chiba	287	287	284	-3
	Tokyo	870	895	893	-2
	Kanagawa	480	494	489	-5
Kanto		2,249	2,286	2,287	1
	Niigata	110	108	109	1
	Yamanashi	61	61	62	1
	Nagano	139	139	140	1
Koshinetsu		310	308	311	3
	Toyama	101	99	103	4
	Ishikawa	72	72	74	2
	Fukui	79	85	86	1
Hokuriku		252	256	263	7
	Shizuoka	152	148	149	1
	Aichi	334	329	328	-1
	Gifu	97	104	102	-2
	Mie	78	84	84	0
Tokai		661	665	663	-2

Note:The above table shows the total number of stores of LAWSON, NATURAL LAWSON and LAWSON STORE100.

Region	Prefecture	06/8	07/2	07/8	Net Increase
	Shiga	120	125	127	2
	Kyoto	187	193	197	4
	Osaka	835	835	836	1
	Hyogo	473	482	479	-3
	Nara	101	104	104	0
	Wakayama	115	116	115	-1
Kinki		1,831	1,855	1,858	3
	Tottori	75	82	84	2
	Shimane	69	74	76	2
	Okayama	119	119	122	3
	Hiroshima	121	124	126	2
	Yamaguchi	109	110	113	3
Chugoku		493	509	521	12
	Tokushima	104	108	107	-1
	Kagawa	96	97	99	2
	Ehime	158	163	157	-6
	Kouchi	58	61	63	2
Shikoku		416	429	426	-3
	Fukuoka	312	316	319	3
	Saga	59	60	62	2
	Nagasaki	78	79	81	2
	Kumamoto	89	91	91	0
	Oita	117	119	116	-3
	Miyazaki	82	84	86	2
	Kagoshima	110	107	108	1
	Okinawa	127	130	134	4
Kyusyu		974	986	997	11
Total		8,455	8,564	8,603	39

(4)Store opening status of subsidiaries

	06/8	07/2	07/8	Net Increase
Kanto	61	84	88	4
Kinki	6	16	15	-1
Total	67	100	103	3

Note:NATURAL LAWSON has opened stores since July,2001

	06/6	06/12	07/6	Net Increase
National wide	8	9	8	-1
Total	8	9	8	-1

	06/8	07/2	07/8	Net Increase
Kanto	61	80	69	-11
Total	61	80	69	-11

Note:LAWSON STORE100 has opened stores since May,2005

	06/6	06/12	07/6	Net Increase
National wide	832	853	803	-50
Total	832	853	803	-50

	06/6	06/12	07/6	Net Increase
Shanghai	285	291	279	-12
Total	285	291	279	-12

(5) Number of Stores by Store Type

		End of Aug.06		End of Feb.07		End of Aug.07		Net Increase
		Share		Share		Share		
Franchised Stores	Type B	1,579	18.7%	1,512	17.7%	1,440	16.7%	-72
	Type G	2,239	26.5%	2,209	25.8%	2,184	25.4%	-25
	Type C	4,217	49.9%	4,367	51.0%	4,513	52.5%	146
	Type C (NATURAL LAWSON)	5	0.1%	5	0.1%	10	0.1%	5
	Franchised Stores	8,040	95.1%	8,093	94.5%	8,147	94.7%	54
Company-Owned Stores	LAWSON	292	3.5%	296	3.5%	294	3.4%	-2
	Natural Lawson	62	0.7%	95	1.1%	93	1.1%	-2
	LAWSON STORE100	61	0.7%	80	0.9%	69	0.8%	-11
	Company-Owned Stores	415	4.9%	471	5.5%	456	5.3%	-15
	Total	8,455	100.0%	8,564	100.0%	8,603	100.0%	39

Note:The number of stores of SHOP99 and naturalBeat is not included in the above-mentioned table.

(6) Consolidated Statement of Income

(Millions of yen)

	Previous first half	Current first half	Last Fiscal year
	(From March 1,2006 to August 31,2006)	(From March 1,2007 to August 31,2007)	(From March 1,2006 to February 28,2007)
Operating revenues	105,825	110,123	207,195
Franchise commissions from franchised stores	90,052	91,212	174,324
(Net sales reported by franchised stores)	668,990	679,088	1,311,479
(Total net sales of LAWSON stores including franchised stores)	706,291	721,953	1,386,630
Other	15,773	18,911	32,870
Net sales	37,531	43,268	75,858
Total operating revenues	143,356	153,392	283,053
Cost of goods sold	27,250	31,393	55,370
Gross profit on sales	(10,280)	(11,875)	(20,487)
Operating gross profit	116,106	121,999	227,682
Selling, general and administrative expenses	91,915	96,477	183,168
Operating profit	24,191	25,521	44,513
Non-operating income	805	827	1,679
1. Interest received	285	440	650
2. Compensation received for damage	97	84	172
3. Compensation received for removal	221	72	403
4. Other	201	230	452
Non-operating expense	648	834	1,546
1. Interest expense	14	13	22
2. Loss on cancellation of lease contract	343	656	1,206
3. Loss on cancellation of lease contract for company housing	66	63	115
2. Other	223	100	201
Recurring profit	24,348	25,514	44,646
Special gains	295	-	1,288
1. Gain on sales of fixed assets	293	-	746
2. Other	1	-	542
Special losses	3,959	4,852	9,086
1. Loss from disposal of fixed assets	2,214	1,973	4,638
2. Loss on sales of fixed assets	65	7	90
3. Loss on impairment of long-lived assets	1,569	2,260	1,810
4. Premium severance benefit	-	540	320
6. Other	109	71	2,226
Income before income taxes and minority interests	20,683	20,661	36,848
Income taxes-current	7,902	9,258	12,377
Deferred income taxes	498	(1,221)	3,011
Minority interest in earnings of consolidated subsidiaries	364	307	476
Net profit	11,917	12,316	20,983

(7) Selling, general and administrative expenses

(Millions of yen)

Account item	Previous first half	Current first half	Last Fiscal year
	(From March 1,2006 to August 31,2006)	(From March 1,2007 to August 31,2007)	(From March 1,2006 to February 28,2007)
Rent	27,114	28,964	55,318
Personnel Expenses	18,752	19,993	37,888
Equipment Lease	8,550	9,106	17,475
Depreciation	7,625	7,920	16,185
Promotions Expense	5,765	4,760	9,693
Other	24,106	25,730	46,607
Total	91,915	96,477	183,168

Fiscal period Account item	Previous first half	Current first half	Last fiscal year
	(As of August 31,2006)	(As of August 31,2007)	(As of February 28,2007)
	Amounts	Amounts	Amounts
(Assets)			
Current assets	172,476	165,168	149,022
Cash and bank deposits	89,382	98,076	71,950
Accounts receivable - due from franchised stores	9,221	8,934	11,710
Marketable securities	35,188	9,992	19,592
Merchandise inventories	1,685	1,807	1,788
Accounts receivable - other	21,118	26,388	26,002
Deferred tax assets	3,276	3,412	2,795
Other	12,682	16,667	15,297
Allowance for doubtful accounts	(78)	(111)	(115)
Fixed assets	247,878	257,327	249,235
Property and store equipment-at net book value	102,225	107,446	104,255
Buildings and structures	78,144	85,371	82,403
Furniture, fixtures and equipment	16,948	14,942	15,548
Land	5,666	5,657	4,708
Construction in progress	1,465	1,474	1,594
Intangible fixed assets	16,385	18,321	15,890
Investments and other	129,268	131,558	129,089
Investments in securities	2,544	5,856	2,569
Long-terms loans receivable	22,879	25,082	24,379
Lease deposits	88,798	83,762	87,903
Deferred tax assets	10,540	12,265	11,551
Deferred tax assets for land revaluation	3,330	467	467
Other	5,886	6,473	6,234
Allowance for doubtful accounts	(4,714)	(2,350)	(4,018)
Total Assets	420,354	422,496	398,258
Accumulated depreciation for property and store equipment	99,199	109,588	103,849

Fiscal period Account item	Previous first half	Current first half	Last fiscal year
	(As of August 31,2006)	(As of August 31,2007)	(As of February 28,2007)
	Amounts	Amounts	Amounts
(Liabilities)			
Current liabilities	169,983	162,973	143,513
Accounts payable-trade for Company - operated stores	4,803	5,226	4,182
Accounts payable-trade for franchised stores	77,638	76,711	60,817
Accounts payable-due to franchised stores	4,186	3,745	2,757
Accounts payable-other	12,971	13,244	15,805
Accounts payable-other for franchised stores	209	194	212
Income taxes payable	9,063	9,733	4,754
Deposits received	54,194	47,349	48,754
Accrued employees' bonuses	2,643	2,534	2,626
Provision for use of points granted	509	629	500
Other	3,761	3,604	3,102
Long-term liabilities	54,774	54,180	55,250
Allowance for employees' retirement benefits	3,317	3,699	3,526
Allowance for retirement benefits to executive officers and corporate auditors	200	233	249
Deposits received from franchisee and lessees	50,675	47,745	49,325
Allowance for impairment loss on leased property	126	417	95
Other	454	2,084	2,053
Total Liabilities	224,757	217,154	198,764
(Net assets)			
Owners' equity	195,591	202,521	195,366
Common stock	58,506	58,506	58,506
Capital surplus	42,261	42,229	42,253
Retained earnings	95,671	102,440	95,344
Treasury stock-at cost	(847)	(655)	(738)
Valuation and translation adjustments	(4,167)	(357)	(227)
Net unrealized gain on available-for-sale securities	581	155	319
Unrealized net gains on hedge transactions	-	8	-
Land revaluation difference	(4,854)	(682)	(682)
Foreign currency transaction adjustments	105	160	134
Stock options	-	91	78
Minority Interests	4,173	3,086	4,276
Total net assets	195,597	205,341	199,493
Total Liabilities, net assets	420,354	422,496	398,258

(9) Consolidated Statement of Change in Net Assets

(From March 1, 2007 to August 31, 2007)

(Millions of yen)

	Owners' Equity					Valuation and Translation Adjustments					Stock options	Minority Interests	Total Net Assets
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Total Owners' Equity	Net Unrealized Gain on Available-for-Sale Securities	Unrealized net gains on hedge transactions	Land Revaluation Difference	Foreign Currency Transaction Adjustments	Total Valuation and Translation Adjustments			
Balance at the end of previous period	58,506	42,253	95,344	(738)	195,366	319	-	(682)	134	(227)	78	4,276	199,493
Change of items during the interim period													
Dividends from surplus			(5,220)		(5,220)								(5,220)
Net income			12,316		12,316								12,316
Purchase of treasury stock - at cost				(0)	(0)								(0)
Exercise of stock options		(24)		83	59								59
Net changes of items other than owner's equity - net						(163)	8		25	(130)	12	(1,189)	(1,307)
Total change of items during the first half	-	(24)	7,095	83	7,154	(163)	8	-	25	(130)	12	(1,189)	5,847
Balance at the end of the first half	58,506	42,229	102,440	(655)	202,521	155	8	(682)	160	(357)	91	3,086	205,341

(10)Capital Expenditure(Consolidated)

	2006.08	2007.08	2008.02(Plan)	(Millions of yen) 2007.02
New Store	12,296	7,830	14,000	23,444
Existing Store	2,016	3,916	7,700	5,887
IT	1,674	4,802	16,300	4,662
Other	486	658	2,300	(1,395)
Subtotal	16,472	17,206	40,300	32,598
Investments & Loan	0	6,036	6,100	3,013
Lease	7,059	7,741	19,600	14,211
Total	23,531	30,983	66,000	49,822
Tangible fixed assets	7,625	7,920	17,000	16,185
Intangible assets	2,539	2,705	5,000	5,163
Depreciation	10,164	10,625	22,000	21,348

Note: 'Lease' is the amount of equivalency of acquisition charge in each fiscal term.

(11) Consolidated Statement of Cash Flows

(Millions of yen)

	Previous first half	Current first half	Last fiscal year
	(From March 1,2006 to August 31,2006)	(From March 1,2007 to August 31,2007)	(From March 1,2006 to February 28,2007)
I .Operating activities			
Income before income taxes	20,683	20,661	36,848
Depreciation of property and store equipment	7,625	7,920	16,185
Loss from disposal of property and store equipment	1,478	1,143	2,880
Loss on impairment of long-lived assets	1,569	2,260	1,810
Depreciation of intangible fixed assets	2,539	2,705	5,163
Increase in provision for allowance for retirement benefits to employees	501	173	710
Increase(decrease) in allowance for doubtful accounts	249	91	(409)
Interest received	(285)	(440)	(650)
Interest expense	14	13	22
Loss on sales of property and store equipment	65	6	90
Other-net	686	356	2,484
Decrease(increase) in accounts receivable due from franchised store	1,541	2,776	(947)
Increase in merchandise inventories	(112)	(19)	(215)
Decrease(increase) in accounts receivable-other	456	(401)	(4,397)
Increase in accounts payable-trase and due to franchised store	20,042	17,927	1,170
Increase(decrease) in accounts payable-others	(235)	(3,036)	2,602
Increase(decrease) in deposit received	9,580	(1,405)	4,140
Decrease in lease deposit from franchised and lessees	(660)	(1,579)	(2,010)
Other-net	(28)	(851)	(557)
Subtotal	65,712	48,304	64,919
Interest and dividend income received	288	432	646
Interest expenses paid	(14)	(13)	(22)
Income taxes paid	(9,661)	(4,280)	(17,947)
Net cash provided by operating activities	56,325	44,442	47,596
II .Investing activities			
Payment for purchases of marketable securities	(25,393)	(16,970)	(57,193)
Proceeds from redemption of marketable securities	28,151	25,500	61,850
Increase in advances to associated company	-	(3,954)	(335)
Proceed from sales of investments in securities	-	(2,131)	-
Payment for acquisition of property and store equipment	(14,146)	(11,919)	(28,759)
Payment for acquisition of intangible fixed assets	(1,665)	(4,541)	(4,450)
Proceeds from sales of investments in securities	185	0	185
Decrease in lease deposit -net	1,129	477	2,024
Increase in long-term loans receivable-net	(2,249)	(702)	(3,749)
Other - net	(3,026)	530	(1,326)
Net cash used in investing activities	(17,014)	(13,712)	(31,754)
III .Financing activities			
Proceeds from issuance of share upon exercise of stock options	18	59	119
Payment for acquisition of treasury stock - at cost	(0)	(0)	(0)
Dividends paid	(4,602)	(5,220)	(9,822)
Proceeds from sales of treasury stock	9,020	-	9,020
Dividends paid to minority shareholders	(13)	(40)	(54)
Net cash provided(used) in financing activities	4,422	(5,202)	(736)
IV .Net increase(decrease) in cash and cash equivalents	43,732	25,528	15,106
V .Cash and cash equivalents, beginning of year	60,440	75,547	60,440
VI .Cash and cash equivalents,end of the first half	104,173	101,075	75,547

(12) Subsidiaries and Equity-method Affiliate

1.Subsidiaries

	NATURAL LAWSON,inc.	VALUE LAWSON,inc	BestPractice Inc.
Date of Establishment	May-00	April-05	March-04
Fiscal Year End	February	February	February
Lawson's Share	100.0%	100.0%	100.0%

(Millions of yen)

	Previous first half From March 1,2006 to August 31,2006	Current first half From March 1,2006 to February 28,2007	Last Fiscal year From March 1,2007 to August 31,2007	Previous first half From March 1,2006 to August 31,2006	Current first half From March 1,2006 to February 28,2007	Last Fiscal year From March 1,2007 to August 31,2007	Previous first half From March 1,2006 to August 31,2006	Current first half From March 1,2006 to February 28,2007	Last Fiscal year From March 1,2007 to August 31,2007
Operating profit	(239)	(873)	(17)	(476)	(979)	(305)	30	81	5
Recurring	(246)	(885)	(25)	(487)	(1,068)	(376)	30	81	7
Net profit	(250)	(891)	(26)	(494)	(1,310)	(430)	15	44	(3)

	LAWSON TICKET, INC.	LAWSON ATM Networks,Inc	i-Convenience,Inc																												
Date of Establishment	July-92	May-01	October-00																												
Fiscal Year End	February	February	February																												
Lawson's Share	75.1%	58.0%	51.0%																												
Composition of Shareholders	<table border="1"> <tr> <td>UBS AG London - Account IPB Segregated Client Account</td> <td>4.1%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd.</td> <td>2.2%</td> </tr> <tr> <td>Trust & Custody Services Bank, Ltd.</td> <td>2.1%</td> </tr> <tr> <td>UBS AG London ASIA EQUITES</td> <td>1.7%</td> </tr> <tr> <td>G/I/P</td> <td>1.5%</td> </tr> <tr> <td>Dai Nippon Printing CO., Ltd.</td> <td>0.9%</td> </tr> <tr> <td>DISK GARAGE CO., Ltd.</td> <td>0.7%</td> </tr> <tr> <td>Trust & Custody Services Bank, Ltd.</td> <td>0.5%</td> </tr> <tr> <td>WESS Inc.</td> <td>0.4%</td> </tr> </table>	UBS AG London - Account IPB Segregated Client Account	4.1%	The Master Trust Bank of Japan, Ltd.	2.2%	Trust & Custody Services Bank, Ltd.	2.1%	UBS AG London ASIA EQUITES	1.7%	G/I/P	1.5%	Dai Nippon Printing CO., Ltd.	0.9%	DISK GARAGE CO., Ltd.	0.7%	Trust & Custody Services Bank, Ltd.	0.5%	WESS Inc.	0.4%	<table border="1"> <tr> <td>Banks (24 companies)</td> <td>36.0%</td> </tr> <tr> <td>Oki Electric Industry Co., Ltd</td> <td>2.5%</td> </tr> <tr> <td>SECOM Co., Ltd</td> <td>2.5%</td> </tr> <tr> <td>NIPPON EXPRES CO., LTD</td> <td>1.0%</td> </tr> </table>	Banks (24 companies)	36.0%	Oki Electric Industry Co., Ltd	2.5%	SECOM Co., Ltd	2.5%	NIPPON EXPRES CO., LTD	1.0%	<table border="1"> <tr> <td>Mitsubishi Corporation</td> <td>49.0%</td> </tr> </table>	Mitsubishi Corporation	49.0%
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Mitsubishi Corporation	49.0%																														

(Millions of yen)

	Previous first half From March 1,2006 to August 31,2006	Current first half From March 1,2006 to February 28,2007	Last Fiscal year From March 1,2007 to August 31,2007	Previous first half From March 1,2006 to August 31,2006	Current first half From March 1,2006 to February 28,2007	Last Fiscal year From March 1,2007 to August 31,2007	Previous first half From March 1,2006 to August 31,2006	Current first half From March 1,2006 to February 28,2007	Last Fiscal year From March 1,2007 to August 31,2007
Operating profit	501	836	347	515	866	740	15	45	37
Recurring	515	870	376	517	870	746	14	44	36
Net profit	301	506	203	510	509	441	13	43	35

2.Equity-method Affiliates

	SHANGHAI HUALIAN LAWSON CO.,LTD.	Lawson CS Card,INC.						
Date of Establishment	February-96	February-02						
Fiscal Year End	December	February						
Lawson's Share	49.0%	50.0%						
Composition of Shareholders	<table border="1"> <tr> <td>HUALIANG GROUP CO.,LTD.</td> <td>51.0%</td> </tr> </table>	HUALIANG GROUP CO.,LTD.	51.0%	<table border="1"> <tr> <td>Credit Saison Co.,Ltd</td> <td>30.0%</td> </tr> <tr> <td>Mitsubishi Corporation</td> <td>20.0%</td> </tr> </table>	Credit Saison Co.,Ltd	30.0%	Mitsubishi Corporation	20.0%
HUALIANG GROUP CO.,LTD.	51.0%							
Credit Saison Co.,Ltd	30.0%							
Mitsubishi Corporation	20.0%							

	naturalBeat Co.,Ltd.	Ninety-nine Plus Inc.																		
Date of Establishment	March-04	October-00																		
Fiscal Year End	March	March																		
Lawson's Share	33.4%	20.2%																		
Composition of Shareholders		<table border="1"> <tr> <td>KYODEN CO.,LTD.</td> <td>38.3%</td> </tr> <tr> <td>Hiroshi Hashimoto</td> <td>3.8%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd.</td> <td>3.0%</td> </tr> <tr> <td>Takahiro Fukahori</td> <td>1.1%</td> </tr> <tr> <td>JAPAN SECURITIES FINANCE CO.,LTD</td> <td>1.1%</td> </tr> <tr> <td>99Plus-Hakushinkai Stockholding</td> <td>0.9%</td> </tr> <tr> <td>Trust & Custody Services Bank,Ltd.</td> <td>0.9%</td> </tr> <tr> <td>Employee's Stockholding</td> <td>0.8%</td> </tr> <tr> <td>OM2 Network Co.,Ltd</td> <td>0.5%</td> </tr> </table>	KYODEN CO.,LTD.	38.3%	Hiroshi Hashimoto	3.8%	The Master Trust Bank of Japan, Ltd.	3.0%	Takahiro Fukahori	1.1%	JAPAN SECURITIES FINANCE CO.,LTD	1.1%	99Plus-Hakushinkai Stockholding	0.9%	Trust & Custody Services Bank,Ltd.	0.9%	Employee's Stockholding	0.8%	OM2 Network Co.,Ltd	0.5%
KYODEN CO.,LTD.	38.3%																			
Hiroshi Hashimoto	3.8%																			
The Master Trust Bank of Japan, Ltd.	3.0%																			
Takahiro Fukahori	1.1%																			
JAPAN SECURITIES FINANCE CO.,LTD	1.1%																			
99Plus-Hakushinkai Stockholding	0.9%																			
Trust & Custody Services Bank,Ltd.	0.9%																			
Employee's Stockholding	0.8%																			
OM2 Network Co.,Ltd	0.5%																			

Note: 'Lawson's Share' and Composition of Shareholders of SHANGHAI HUALIAN LAWSON CO.,LTD. is mentioned present status on June 30, 2007 and of Ninety-nine Plus Inc is mentioned present status on March 31, 2007.

2. Non-consolidated operating results

(1)Results and Forecasts for Major Financial Indicators

(Billions of yen)

	2006.08		2007.02		2007.05		2007.08		2008.02 (Forecast)	
		YOY		YOY		YOY		YOY		YOY
Total Net Sales	702.8	100.3%	1,377.8	101.3%	343.8	102.2%	715.8	101.8%	1,421.0	103.1%
Operating Revenues	130.3	102.3%	256.0	103.2%	66.1	105.7%	137.9	105.8%	272.0	106.2%
Operating Profit	23.7	95.5%	44.3	101.3%	10.3	99.0%	24.7	104.4%	44.8	101.0%
Recurring Profit	23.9	97.5%	44.5	102.0%	10.4	97.6%	24.8	103.9%	44.5	99.9%
Net Profit	12.1	93.8%	21.7	95.7%	4.1	82.4%	10.8	89.4%	20.2	92.9%
Cash Dividends Per share	¥50		¥100		-		¥55		¥110	
Net Profit Per Share	¥116.86		¥208.70		¥39.97		¥103.94		¥193.42	
Net Assets	195.9		200.2		199.1		205.7			
Total Assets	411.7		389.1		420.7		412.7			
Pay Out ratio	42.8%		47.9%		-		52.9%			
Net Assets per share	¥1,877.33		¥1,917.18		¥1,906.62		¥1,969.74			
ROA	6.1%		11.7%		2.6%		6.2%			
ROE	6.5%		11.5%		2.1%		5.3%			
Current Ratio	98.1%		101.2%		97.4%		98.0%			
Fixed Ratio	129.2%		126.6%		129.5%		127.6%			
Capital adequacy Ratio	47.6%		51.4%		47.3%		49.8%			

(2)Number of Employee

	2006.08		2007.02		2007.08	
		Change		Change		Change
Employees	3,083	-37	3,131	11	3,251	120
The average age	37.0	-0.1	37.1	0.0	36.7	-0.4
Employees (Part-time)	3,435	72	3,596	233	3,832	236

Note1: The average number of part-time employees is calculated on the assumption of an 8-hour working day.

(3) Non-consolidated Statement of Income

(Millions of yen)

	Previous first half From March 1, 2006 to August 31, 2006	Current first half From March 1, 2007 to August 31, 2007	Last fiscal year From March 1, 2006 to February 28, 2007
Operating revenues	97,434	101,235	190,674
Franchise commissions from franchised stores	90,062	91,212	174,335
(Net sales reported by franchised stores)	669,931	679,088	1,312,493
(Total net sales of LAWSON stores including franchised stores)	702,869	715,814	1,377,842
Other	7,372	10,023	16,338
Net sales	32,938	36,726	65,349
Total operating revenues	130,372	137,961	256,023
Cost of goods sold	23,649	26,227	46,998
Gross profit on sales	(9,288)	(10,498)	(18,350)
Operating gross profit	106,723	111,734	209,025
Selling, general and administrative expenses	82,996	86,953	164,652
Operating profit	23,726	24,780	44,373
Non-operating income	807	850	1,617
Non-operating expense	576	740	1,463
Recurring profit	23,957	24,891	44,526
Special gains	293	-	1,270
Special losses	3,948	6,487	8,834
Loss on disposal of fixed assets	2,206	1,964	4,395
Loss on impairment of long-lived assets	1,569	2,260	1,810
Loss on liquidation of subsidiary	-	1,704	-
Other	171	558	2,628
Income before income taxes	20,303	18,403	36,963
Income taxes-current	7,678	8,822	11,733
Deferred income taxes	484	(1,273)	3,496
Net profit	12,140	10,853	21,733

(4) Selling, general and administrative expenses

(Millions of yen)

	Previous first half From March 1, 2006 to August 31, 2006	Current first half From March 1, 2007 to August 31, 2007	Last fiscal year From March 1, 2006 to February 28, 2007
Account item			
Rent	26,834	28,673	54,735
Personnel Expenses	16,817	17,779	33,739
Equipment Lease	7,349	8,091	15,167
Depreciation	7,579	7,868	16,071
Promotions Expense	5,894	4,670	9,748
Other	18,520	19,870	35,189
Total	82,996	86,953	164,652

(Millions of yen)

Fiscal period Account item	Previous first half	Current first half	Last fiscal year
	(As of August 31,2006)	(As of August 31,2007)	(As of February 28,2007)
	Amounts	Amounts	Amounts
(Assets)			
Current assets	158,443	150,289	135,696
Cash and bank deposits	81,695	91,387	61,536
Accounts receivable - due from franchised stores	9,220	8,934	11,711
Marketable securities	28,991	2,000	15,994
Merchandise inventories	1,448	1,459	1,491
Accounts receivable - other	-	24,647	23,905
Deferred tax assets	3,046	3,334	2,696
Other	34,119	20,238	18,476
Allowance for doubtful accounts	(78)	(1,711)	(114)
Fixed assets	253,278	262,480	253,412
Property and store equipment-at net book value	101,705	106,648	103,736
Buildings	64,581	71,525	68,276
Furniture, fixtures and equipment	16,871	14,633	15,483
Land	5,666	5,657	4,708
Other	14,585	14,831	15,267
Intangible fixed assets	15,940	16,595	15,364
Investments and other	135,632	139,236	134,310
Investments in securities	8,723	14,243	8,586
Long-term loans receivable	22,879	25,082	24,379
Lease deposits	88,555	83,493	87,583
Deferred tax assets	11,044	12,172	11,424
Deferred tax assets for land revaluation	3,330	467	467
Other	5,811	6,126	5,886
Allowance for doubtful accounts	(4,714)	(2,350)	(4,018)
Total Assets	411,721	412,770	389,109
Accumulated depreciation for property and store equipment	98,960	109,247	103,556

Fiscal period Account item	Previous first half	Current first half	Last fiscal year
	(As of August 31,2006)	(As of August 31,2007)	(As of February 28,2007)
	Amounts	Amounts	Amounts
(Liabilities)			
Current liabilities	161,530	153,350	134,150
Accounts payable-trade for Company - operated stores	4,180	4,383	3,491
Accounts payable-trade for franchised stores	77,638	76,711	60,817
Accounts payable-due to franchised stores	4,184	3,745	2,757
Accounts payable-other	11,900	11,567	14,421
Accounts payable-other for franchised stores	209	194	212
Income taxes payable	8,820	9,295	4,285
Deposits received	48,226	41,197	42,474
Accrued employees' bonuses	2,480	2,376	2,448
Provision for use of points granted	504	623	494
Other	3,385	3,255	2,748
Long-term liabilities	54,224	53,619	54,701
Allowance for employees' retirement benefits	3,267	3,639	3,472
Allowance for retirement benefits to executive officers and corporate auditors	162	199	190
Deposits received from franchisees and lessees	50,668	47,739	49,319
Allowance for impairment loss on leased property	126	417	95
Other	-	1,623	1,623
Total Liabilities	215,755	206,970	188,851
(Net assets)			
Owners' equity	200,239	206,233	200,541
Common stock	58,506	58,506	58,506
Capital surplus	42,261	42,229	42,253
Retained earnings	100,318	106,153	100,519
Treasury stock-at cost	(847)	(655)	(738)
Valuation and translation adjustments	(4,273)	(525)	(362)
Net unrealized gain on available-for-sale securities	581	157	319
Land revaluation difference	(4,854)	(682)	(682)
Stock Option	-	91	78
Total net assets	195,966	205,799	200,257
Total Liabilities, net assets	411,721	412,770	389,109

(6) Non - consolidated Statement of Changes in Net Assets

(From March 1, 2007 to August 31, 2007)

(Millions of yen)

	Owners' Equity									Valuation and Translation Adjustments			Stock Options	Total Net Assets	
	Common Stock	Capital Surplus			Legal Reserve	Retained Earnings			Treasury Stock	Total Owners' Equity	Net Unrealized Gain on Available-for-Sale Securities	Land Revaluation Difference			Total Valuation and Transaction Adjustments
		Additional Paid - in Capital	Other Capital Surplus	Total Capital Surplus		Other Lrgal Reserve		Total Retained Earnings							
						General Reserve	Earned Surplus Brought Forward								
Balance at the end of previous period	58,506	41,520	733	42,253	727	50,000	49,792	100,519	(738)	200,541	319	(682)	(362)	78	200,257
Change of items during the interim period															
Dividends from surplus							(5,220)	(5,220)		(5,220)					(5,220)
Net income							10,853	10,853		10,853					10,853
Purchase of treasury stock - at cost									(0)	(0)					(0)
Exercise of stock options			(24)	(24)					83	59					59
Net changes of items other than owners' equity - net											(162)		(162)	12	(149)
Total change of items during the first half	-	-	(24)	(24)	-	-	5,633	5,633	83	5,692	(162)	-	(162)	12	5,542
Balance at the end of the first half	58,506	41,520	709	42,229	727	50,000	55,425	106,153	(655)	206,233	157	(682)	(525)	91	205,799

(7)Capital Expenditure (non-consolidated)

(Millions of yen)

	2006.08	2007.08	2008.02(Plan)	2007.02
New Store	11,980	7,871	13,800	22,905
Existing Store	1,942	3,845	7,700	5,749
IT	1,550	3,973	14,600	4,106
Other	531	674	2,300	(1,477)
Subtotal	16,003	16,363	38,400	31,283
Investments & Loan	1,500	6,536	7,000	5,713
Lease	6,700	5,113	13,600	12,191
Total	24,203	28,012	59,000	49,187
Tangible fixed assets	7,579	7,868	16,700	16,071
Intangible assets	2,332	2,630	4,700	4,835
Depreciation	9,912	10,499	21,400	20,906

Note: 'Lease' is the amount of equivalency of acquisition charge in each fiscal term.

3. Sales and Products (Non-consolidated)

(1)YOY Rate

	2006.08	2007.02	2007.08
YOY Rate of Sales on Existing Stores	96.8%	98.2%	99.0%

(2)Average Daily Sales per Store

(Thousands of Yen)

	2006.08	2007.02	2007.08
Total Stores	484	477	484
New Stores	453	429	447

(3)Average Number of Customers and Average Purchase Value per Customer in Existing Stores

(Persons,yen)

	2006.08	2007.02	2007.08
Number of Customers	830	813	826
Spend per Custmers	582	585	584

(4)Inventory Turnover in Days(Based on All Stores, Inventory per a Store)

(Thousands of Yen)

	2006.08		2007.02		2007.08	
		YOY		YOY		YOY
Inventory	5,576	105.6%	5,360	101.7%	5,336	95.7%
Inventory Turnover in Days	11.9	106.1%	11.9	102.9%	11.7	98.5%

(5)Area of Floor

(m²)

	2006.08		2007.02		2007.08	
		YOY		YOY		YOY
Area of Floor	907,943	102.5%	915,365	103.4%	934,914	103.0%

Note:term average

(6)Liquor-Licensed,Cigarette-Licensed,24-hour Operating&Parking Lots Equipped Stores

(Store)

	2006.08		2007.02		2007.08	
		Share		Share		Share
Liquor-Licensed	7,278	86.7%	7,976	94.0%	8,271	96.9%
Cigarette-Licensed	7,029	83.7%	7,153	84.3%	7,253	85.0%
24-hour operating	8,252	98.3%	8,329	98.2%	8,359	97.9%
with Parking Lots	6,118	72.9%	6,206	73.2%	6,256	73.3%
Total	8,394	-	8,484	-	8,534	-

(7)Gross Profit Margin at Store Level

	2006.08	2007.02	2007.08
Fast Foods	36.5%	36.5%	36.1%
Daily Delivered Foods	34.0%	33.8%	33.8%
Processed Foods	26.6%	26.4%	26.5%
Non-Food Products	38.5%	38.0%	39.0%
Total	31.5%	31.3%	31.3%

Note1:Gross profit of non-food products include service commissions.

Note2:Processed Foods includes cigarettes.

(8)Sales by Merchandise Category in Total Stores

(Billions of Yen)

	2006.08		2007.02		2007.08	
		Share		Share		Share
Fast Foods	165.2	23.5%	324.0	23.5%	167.0	23.3%
Daily Delivered Foods	80.8	11.5%	152.8	11.1%	83.4	11.7%
Processed Foods	357.0	50.8%	700.8	50.9%	366.9	51.3%
Non-Food Products	99.7	14.2%	200.1	14.5%	98.2	13.7%
Total	702.8	100.0%	1,377.8	100.0%	715.8	100.0%

(9)Third Party Bill Settlement Service

(Millions of Yen, Ten thousand)

	2006.08		2007.02		2007.08	
		YOY		YOY		YOY
Transaction Volume	660,592	113.0%	1,204,004	103.3%	731,377	110.7%
No.of Settlement	7,079	108.5%	14,095	107.9%	7,547	106.6%
Commission Revenues	4,104	109.9%	8,141	108.5%	4,220	102.8%

(10)Number of ATMs

(Number)

	2006.08	2007.02	2007.08
ATMs	3,825	4,245	5,194

4. Shareholders Information(Non-consolidated)

(1)Distribution of Shareholders by Type

	End of Aug,07		
	(person)	(share)	(ratio)
Financial Institutions	135	24,912,600	23.8%
Securities Companies	35	2,086,776	2.0%
Other Domestic Entities	514	41,950,310	40.1%
Foreign Entities	339	24,150,038	23.1%
Individuals,Others	40,793	11,328,978	10.8%
JASDEC	1	5,400	0.0%
Treasury Stock	1	165,898	0.2%
Shares Issued and Outstanding		104,600,000	100.0%
Shareholders	41,818	—	—

(2)Principal Shareholders

	End of Aug,07	
	Shareholdings(Shares)	Shareholdings
Mitsubishi Corporation	32,089,300	30.7%
Japan Trustee Services Bank.,Ltd.(Trust Account)	7,173,900	6.9%
Marubeni Foods Investment Co.,Ltd.	5,939,500	5.7%
The Master Trust Bank of Japan,Ltd.(Trust Account)	5,923,300	5.7%
Trust & Custody Services Bank,Ltd.(Securities Investment Trust Account)	2,751,000	2.6%
State Street Bank and Trust Company	2,159,500	2.1%
NTT DoCoMo,Inc.	2,092,000	2.0%
The Nomura Trust and Banking co., Ltd.(Trust Account)	1,536,700	1.5%
Nomura Securities Company.,Ltd.	1,513,900	1.4%
The Bank of NewYork GCM.Client Accounts EISG.	1,006,800	1.0%
Total Number of Voting Share	104,423,400	100.0%