



Lawson, Inc.
Interim Earnings Presentation
Six Months Ended August 31, 2001
(Year Ending February 28, 2002)

October 16, 2001 (Tue.)

13:00~14:30

Kenji Fujiwara

President and CEO

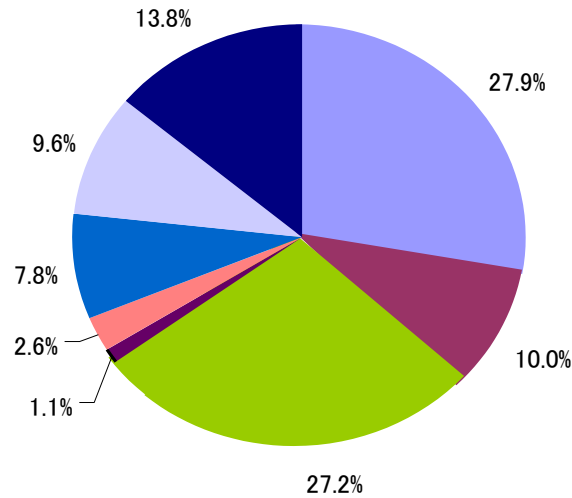
(Room Harumi, Royal Park Hotel)

1. Change in Composition of Shareholders
2. First-Half Results and Second-Half Targets
3. Operations
 - Store Development
 - Existing Store Sales Comparison (Product and Entertainment Strategies)
 - E-business (Loppi and Lawson Tickets)
4. New Value Creation
 - ATM Development
 - Cooperation With Mitsubishi Corp.
5. Conclusion

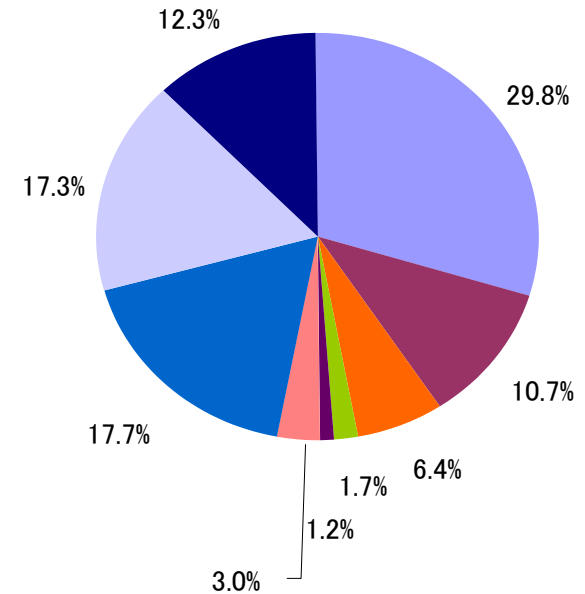
Change in Composition of Shareholders (Since Selling Shares)



As of June 30, 2001



As of August 31, 2001



The floating shareholder ratio now exceeds 50% due to the repurchase and retirement of treasury stock and the recent sale of shares by Daiei, Inc. Consequently, management is more focused than ever on creating shareholder value.

First-Half Results and Second-Half Targets



	First-Half Target	First-Half Result	Difference	YoY Difference	Second-Half Target	Full-Year Target
Openings	300	237	-63	-89	413	650
Closures	350	349	-1	228	101	450
Daily sales at existing stores (YoY)	100.0%	99.3%	-0.7%	0.0%	99.0%	99.1%
Daily sales at new stores (¥ thousands)	460	476	16	26	—	460
Gross profit margin	30.4%	30.3%	-0.1%	-0.1%	30.3%	30.3%
Ratio of franchise stores	92.6%	92.7%	0.1%	3.8%	—	93.8%
Total no. of stores (Japan)	7,633	7,571	-62	-12	—	7,883

With the exception of openings, results were largely in line with provisional first-half targets. We are now focused on hitting our second-half targets.

First-Half Results and Second-Half Targets (Actual Results and Forecasts)



(Non-Consolidated Basis)						(¥100 million)
	First-Half Target	First-Half Result	Difference	YoY Difference	Second-Half Target	Full-Year Target
Total net sales	6,700	6,630	-70	128	6,410	13,040
Total transaction volumes	6,890	6,855	-35	174	6,595	13,450
Operating income	236	233	-3	2	200	433
Recurring profit	228	226	-2	10	197	423
Net income	108	115	7	30	82	197
(Consolidated Basis)						(¥100 million)
Operating income	233	232	-1	0	192	425
Recurring profit	224	225	1	7	191	416
Net income	105	115	10	28	77	192

First-half targets largely achieved despite difficult market conditions. Focus now on achieving second-half and full-year targets.

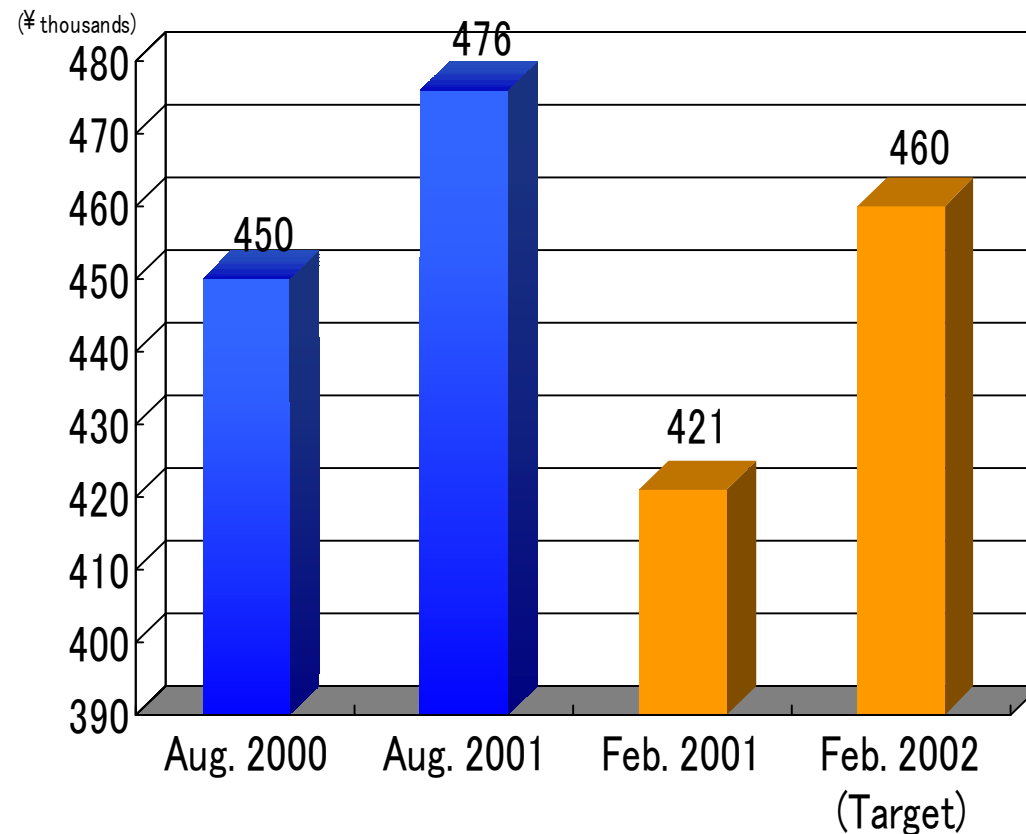
Operations — Store Data



	Mar.-Aug. (Cum.)	Full-Year Target
Openings	237	650
Closures (FC)	188	200
Closures (RC)	161	250
Closures subtotal	349	450
Relocations	91	—
Change	-112	200

	As of Feb. 28, 2001	As of Aug. 31, 2001
Contracts	258	324
No. of stores (FC)	6,972	7,022
No. of stores (RC)	711	549
Ratio of franchise stores (%)	91	93

Year-on-Year Comparison of Daily Sales at New Stores

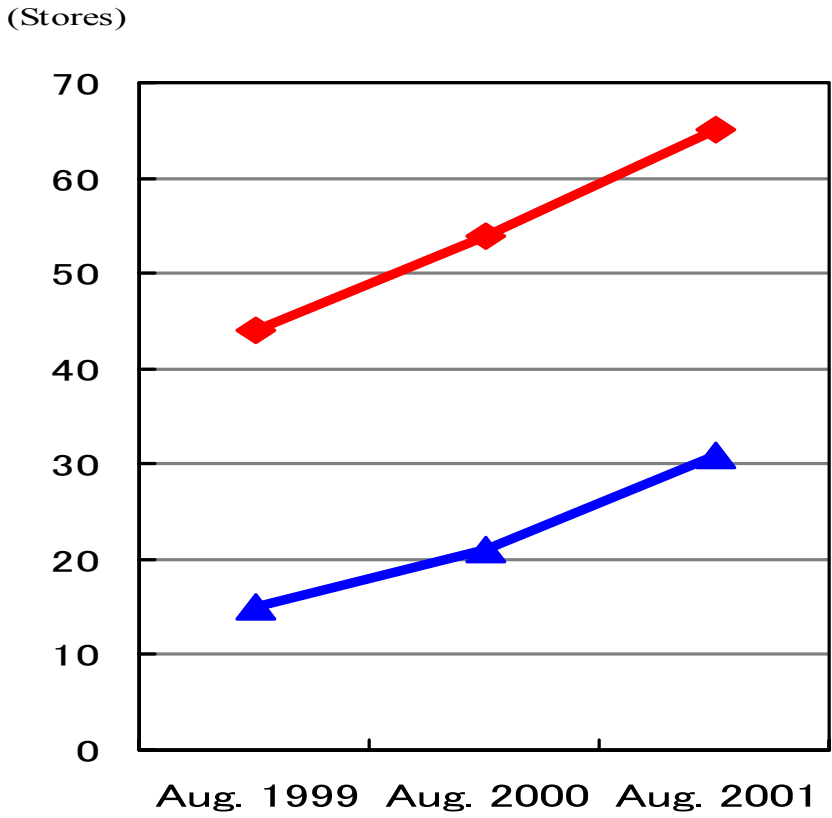


These numbers underscore the success of Lawson's ongoing "From Quantity to Quality" initiative.

Store Openings and Daily Sales at New Stores in the Tokyo Metropolitan Area and Tokyo



Store Openings in the Tokyo Metropolitan Area and Tokyo



Tokyo metropolitan area:
Tokyo, Kanagawa, Chiba, Saitama

New Store Daily Sales in the Tokyo Metropolitan Area and Tokyo

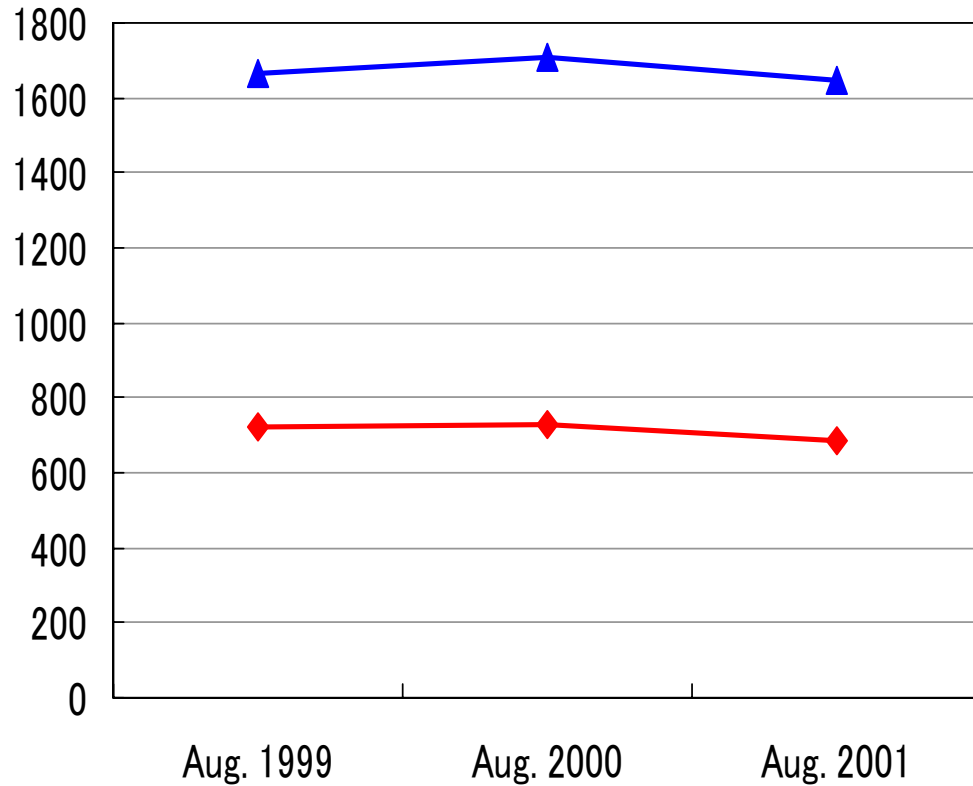


Strong momentum for opening high-quality stores in Tokyo and the Tokyo metropolitan area. Key is channeling human resources to these areas.

Total No. of Stores and Average Daily Sales in the Tokyo Metropolitan Area and Tokyo



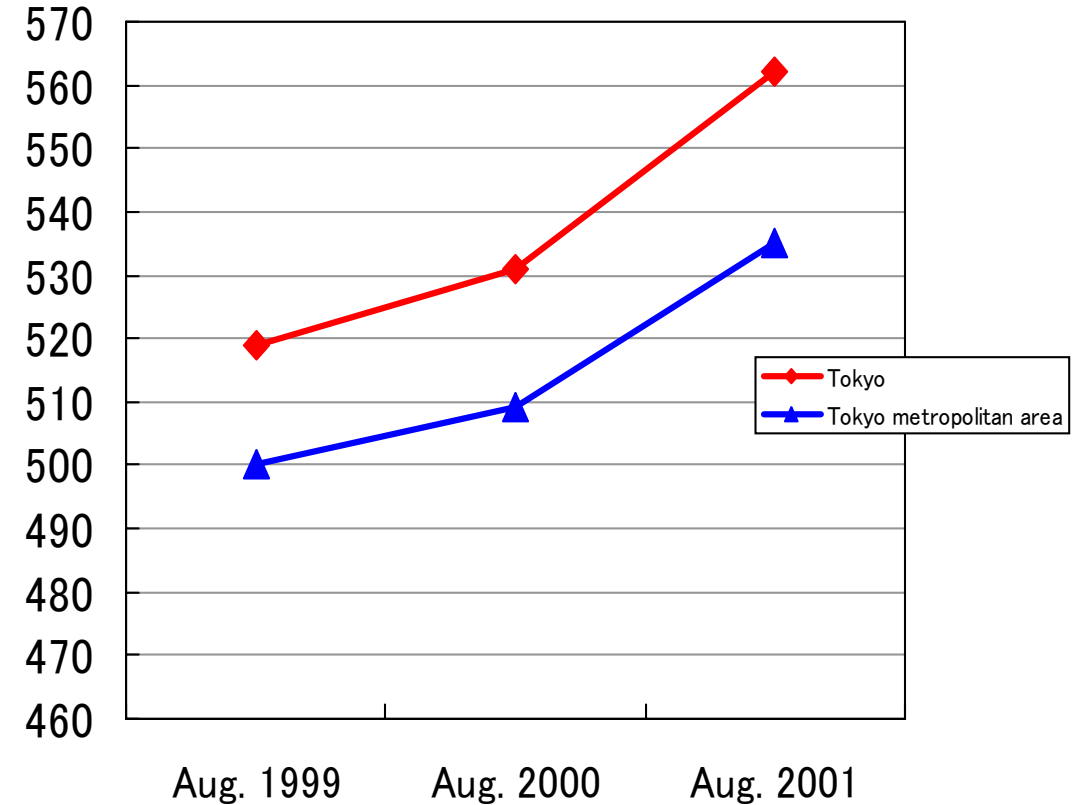
(Stores) Total No. of Stores in the Tokyo Metropolitan Area and Tokyo



Tokyo metropolitan area:
Tokyo, Kanagawa, Chiba, Saitama

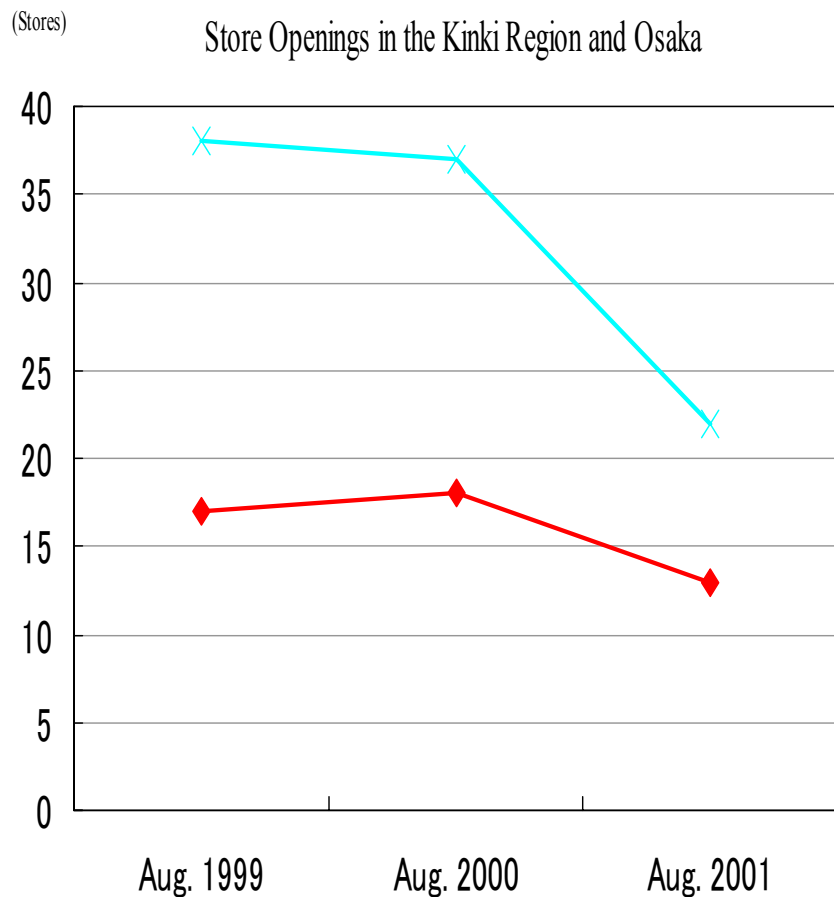
Average Daily Sales in the Tokyo Metropolitan Area and Tokyo

(¥ thousands)

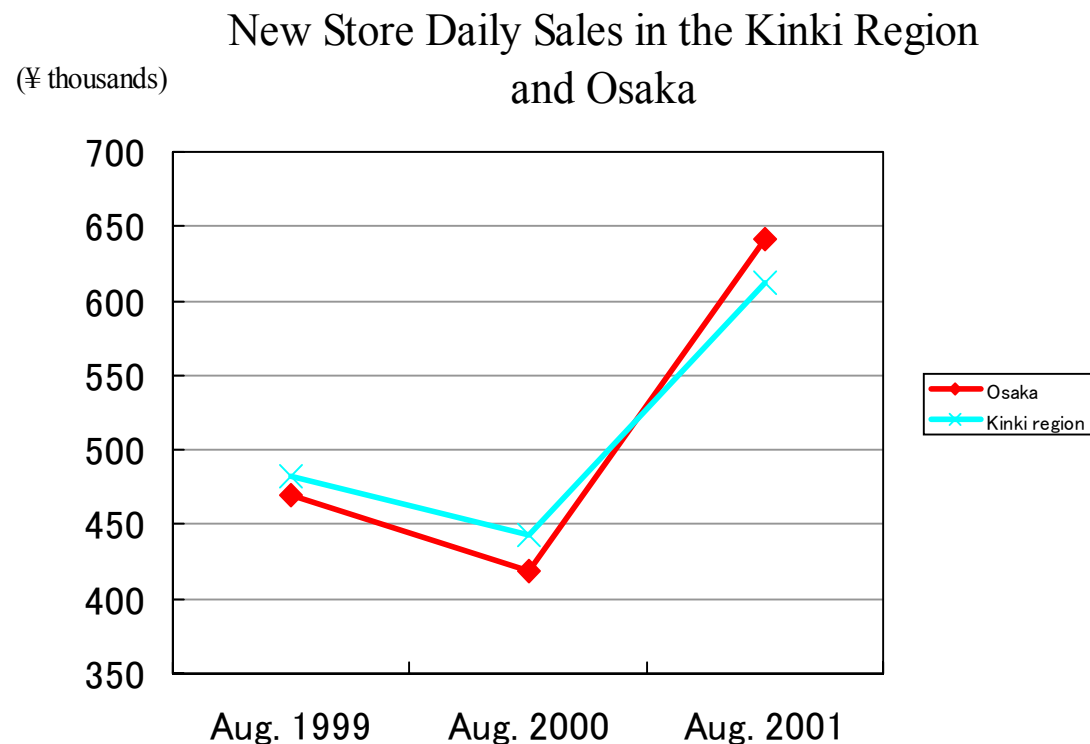


Strategic relocations and store closures are improving the quality of the Lawson chain in the Tokyo Metropolitan Area.

Store Openings and Daily Sales at New Stores in the Kinki Region and Osaka

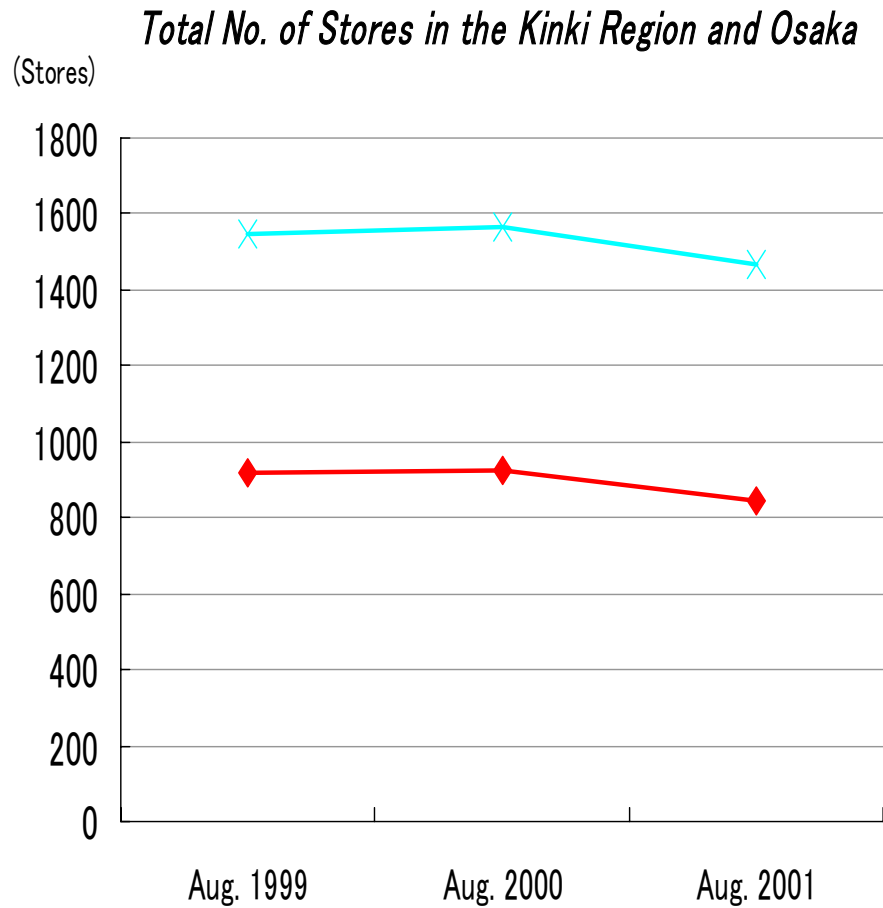


Kinki region: Osaka, Kyoto, Hyogo

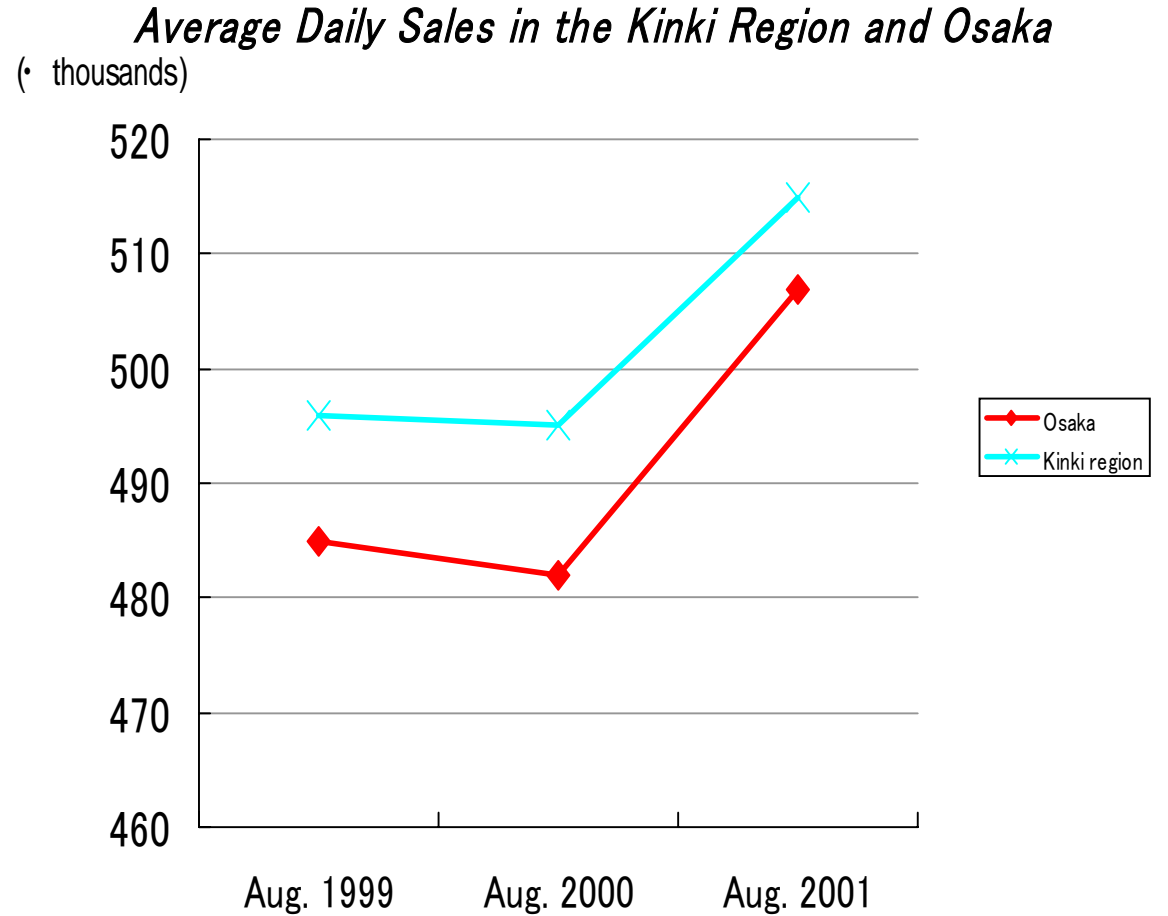


Having already improved the quality of stores, Lawson has now turned its attention to opening more stores in the Kinki region and Osaka by channeling human resources to these areas.

Total No. of Stores and Average Daily Sales in the Kinki Region and Osaka



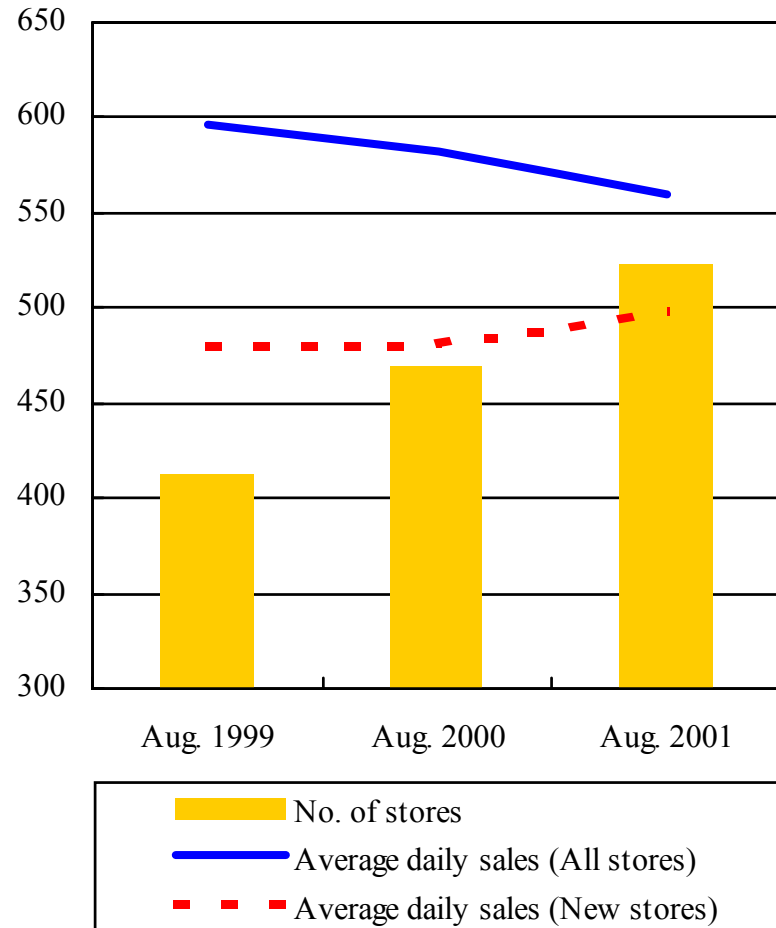
Kinki region: Osaka, Kyoto, Hyogo



Strategic relocations and store closures are improving the quality of the Lawson chain in the Kinki region, including Osaka.

Building on Lawson's First-Mover Advantage

No. of Stores and Average Daily Sales in First-to-Enter Regions
(Stores/¥ thousands)



To retain and build on its first-mover advantage, Lawson will:

- Adhere to “grid points” policy
- Develop stores and raise distribution productivity by forging ties with local convenience store chains
- Make effective use of Mitsubishi Corp.’s networks
- Cooperate with ATM-Partner regional banks

Lawson will retain and build on its first-mover advantage by pursuing three main strategies:

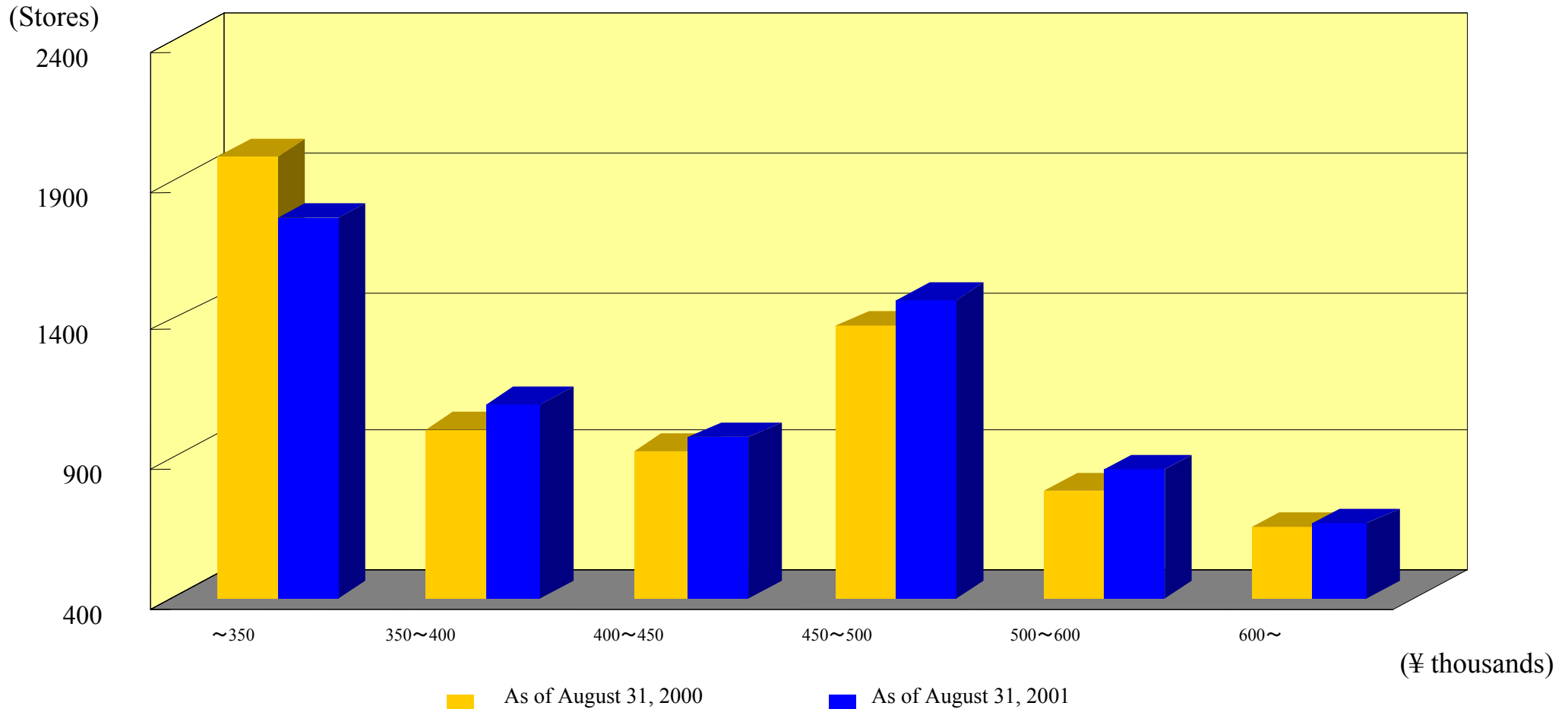
- (1) *Continue to concentrate store openings on the basis of redefined “grid points,”*
- (2) *Efficiently secure prime store sites, and*
- (3) *Take maximum advantage of its unique resources.*

First-to-enter regions: Aomori, Akita, Kagawa, Tokushima, Ehime, Kochi

Improving the Quality of the Nationwide Chain (1)



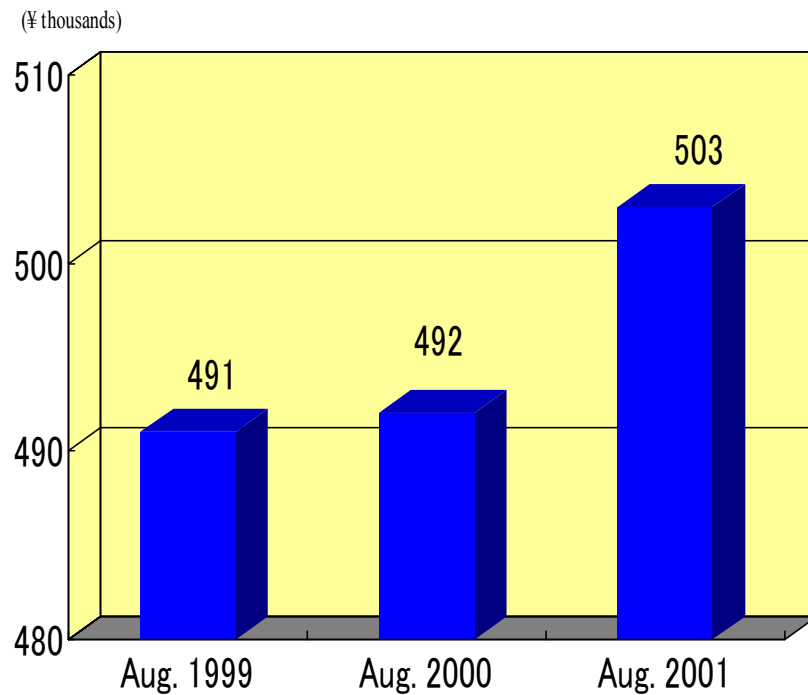
No. of Stores by Daily Sales



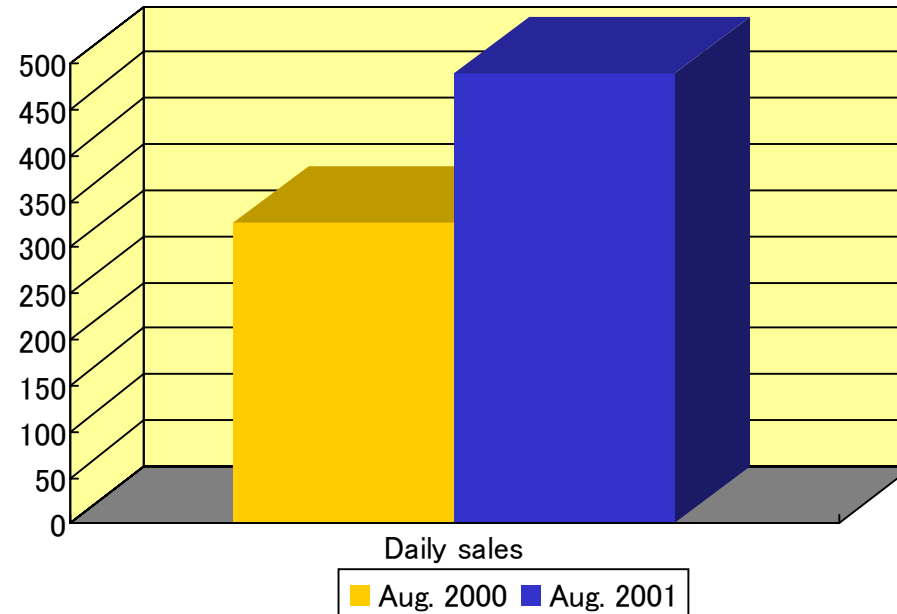
Lawson will improve overall chain quality by aggressively relocating and closing stores and raising daily sales of new stores. A concurrent goal is improving earnings of FC owners through relocation and management of multiple stores.

Improving the Quality of the Nationwide Chain (2)

Average Daily Sales of All Stores

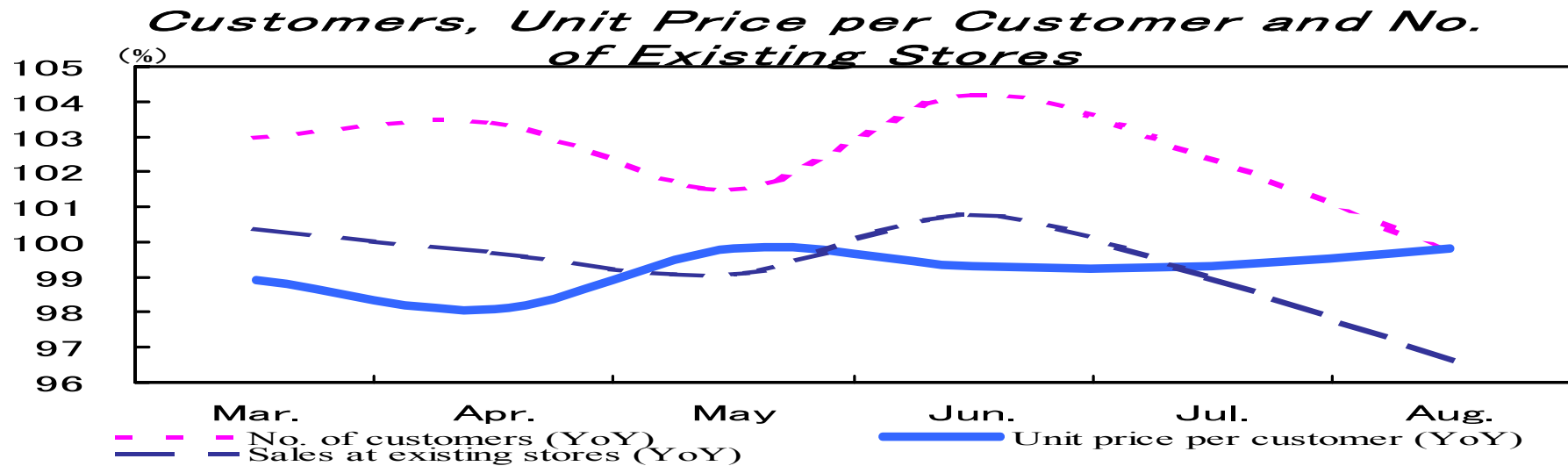


Improvement in Daily Sales Due to Relocation



Lawson will improve overall chain quality by aggressively relocating and closing stores and raising daily sales of new stores. A concurrent goal is improving earnings of FC owners through relocation and management of multiple stores.

Product and Entertainment Strategies—Raising Daily Sales at Existing Stores



Product Strategy

(First Half)

- Ran special monthly promotions from March through August
- Certain product lines offered at value-for-money prices

(Second Half)

- Minimize the proportion of “sale” products
- (Continual introduction of appealing products developed under Fresh Foods Supply Cooperative (FFS))
- Develop FFS-related products with improved gross-profit margins by systematically procuring ingredients

Entertainment Strategy

(First Half)

- Sold 320,000 tickets for the hit Japanese movie *Sen to Chihiro no Kamikakushi* (*Spirited Away*)
- Sold 300,000 tickets for Japanese rock group GLAY’s EXPO concert
- Sold 380,000 tickets for Universal Studios Japan under exclusive agreement

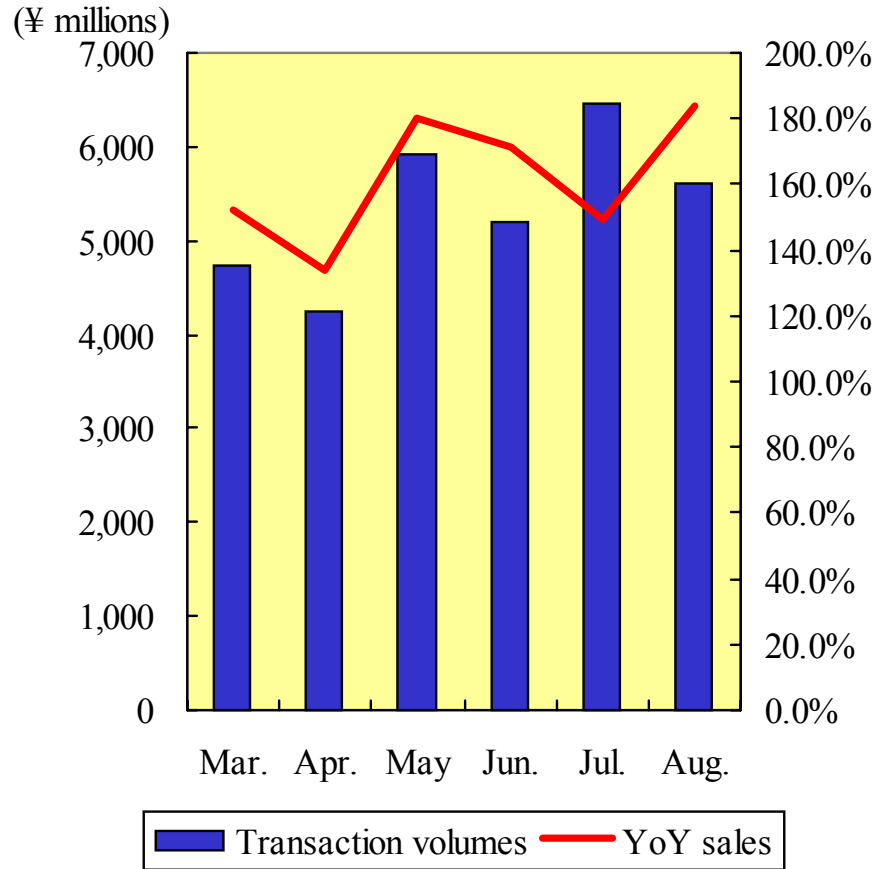
(Second Half)

- Exclusive sales of tickets for the Ghibli Museum
- Exclusive advance ticket sales for Hitomi Yaita’s concert tour
- Exclusive advance ticket sales for pop star Misia’s concert tour
- Exclusive ticket sales for GLAY’s Tokyo Dome Concert

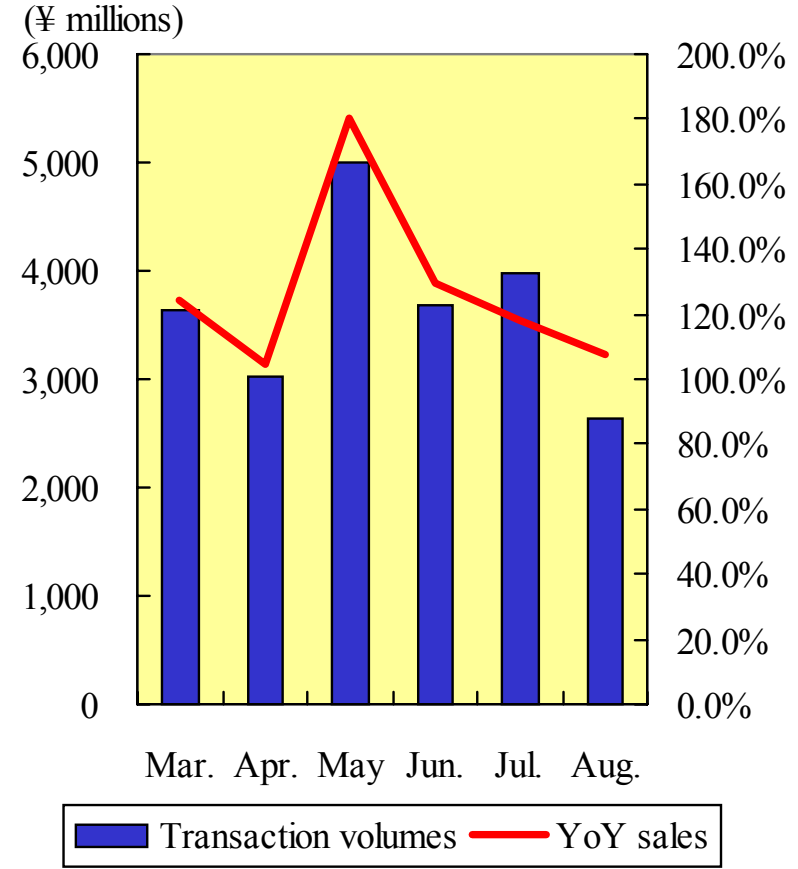
E-business (Loppi and Lawson Tickets)



Loppi Transaction Volumes



Lawson Tickets Sales



E-business is a field where Lawson has a competitive edge among CVS. Lawson will maintain rapid growth momentum, by differentiating itself from other companies.

Provision of total cashing services

ATM



- Cash withdrawals
- Cash deposits
- Account transfers
- Account balances
- Cash advance services

Installation Plan

	2001 Late Oct.	2001 Dec. 31	2002 Feb. 28	2003 Feb. 28 (Target)
No. of ATMs	Approx. 400	Approx. 1,500	Approx. 2,300	Approx. 3,000

Estimated Contribution to Daily Sales

Lawson ATM users
Assumption: 60 transactions per day per machine

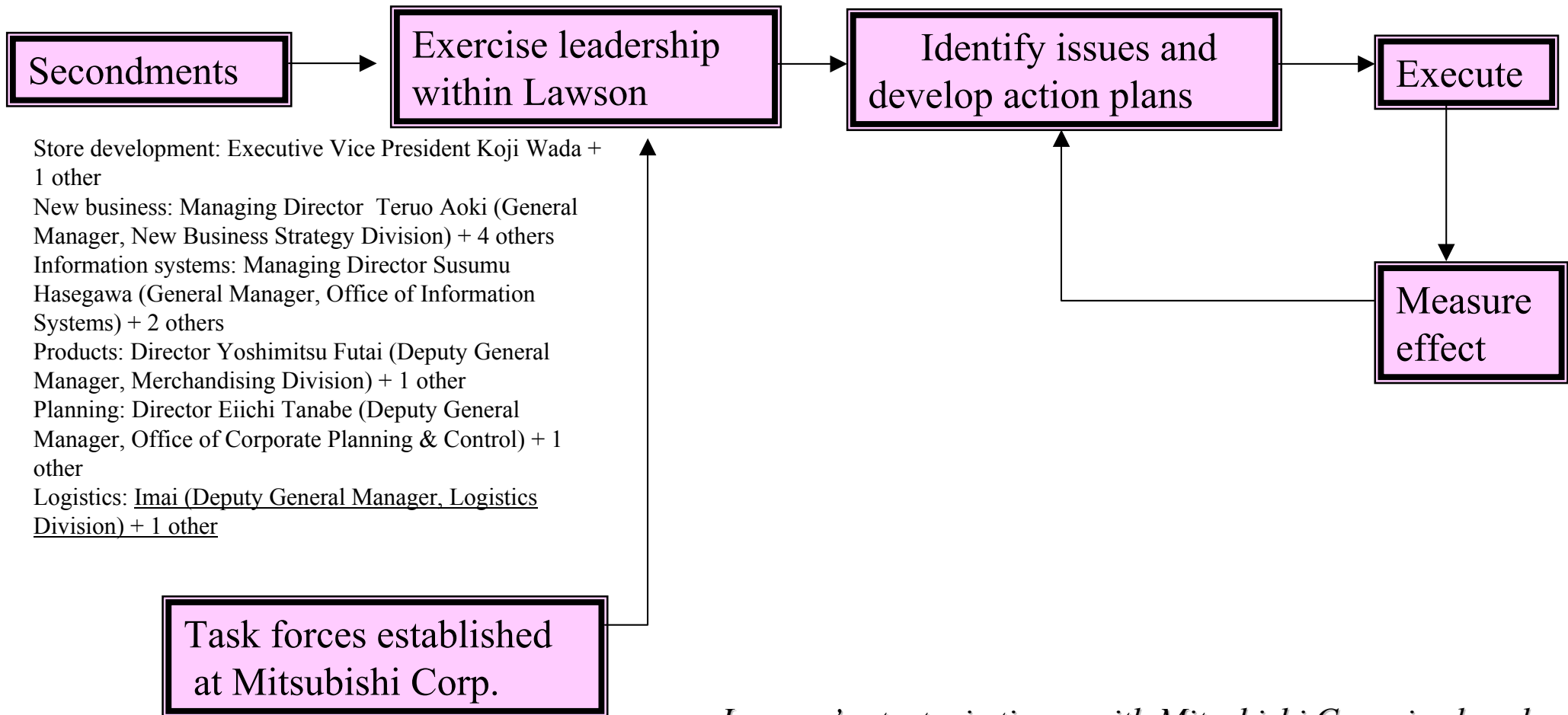
Economic Effect of Unintended Shopping
(33% x ¥500 per ATM user)

60 transactions (avg.) x 33% x
¥500

Lifts daily sales by approx. ¥10,000
(Approx. 2% increase)

ATMs are expected to have the same beneficial effect as increasing the ratio of tobacco and liquor licenses—drawing in more customers and raising daily sales

New Value Creation — Cooperation With Mitsubishi Corp. (Work Flow)



- SCM Task Force
- Store Development Support Task Force
- Construction Materials Task Force
- Financial Services Task Force
- LETSS Task Force (ITF)

Lawson's strategic tie-up with Mitsubishi Corp. is already producing results in certain areas. There is considerable potential for more benefits.

New Value Creation — Cooperation With Mitsubishi Corp. (Specific Examples)



Joint Development of Content to Entice Customers to Lawson

(New Business Strategy Division)

- ATM operations company
- E-commerce-related companies
- Loppi content support (*Spirited Away*)
- Possibility of financial services

Introduction by Mitsubishi Corp. to Sites With High Daily Sales Potential

(Development Division)

- Site introductions Over 250
- Stores already opened 16 (Average daily sales exceed ¥500,000)
- Contracts closed 11
- Negotiations underway 50-60 projects
- Mitsubishi Corp. has committed to introducing sites selected from network of business partners

Strategic Development in Broad Range of Areas
(Office of Corporate Planning & Control)

- Share buybacks and retirements, overseas share sales
- Pursue synergies through alliances with Mitsubishi Corp. and other companies

Support for Development of Effective Information System

(New Business Strategy Division)

- Raise LETSS (Lawson's Epoch-making Total Strategic Systems) productivity
- Reduce hardware purchasing costs
- Increase commitment of all users

Supply Chain Management

(Merchandising and Logistics divisions)

- Reform logistics for products transported in all temperature ranges
- Streamline DDC and network FDC
- Raise CDC productivity and develop horizontally
- Eliminate inefficiencies, waste and overlap through SCM
- Reduce materials purchasing costs

- Operating Environment — Continuing difficulties in August and September, but improving. Moving forward on all fronts to achieve goals
- New Value Creation — Results becoming evident, considerable room for growth
- Management focused on creating shareholder value
- Medium-Term Targets
 - Recurring profit growth rate: 5/10/10%
 - ROA and ROE of no less than 12% (Fiscal 2003 year-end)