Value of the Existence of the LAWSON Group Revealed by the Earthquake
- As an Entity that Supports the Lifeline -

The Great East Japan Earthquake that occurred on March 11th caused significant damage and had a major impact on the entire Group. This section describes the activities of the LAWSON Group, with the mission of realizing a state in which “whatever you want, whenever and wherever you need it,” after the occurrence of the earthquake and the activities that the Group intends to undertake in the future.

For Support of the Lifeline in Times of Disaster

An unprecedented magnitude-9.0 earthquake hit East Japan at 14:46 on March 11th, 2011. The severe tremor and the tsunami that followed devastated cities and towns, and many precious lives were lost. Moreover, due to the damage to lifelines, distribution of food and other daily use products and supply of electricity that are essential to our daily life were affected, which created anxiety all over Japan. The LAWSON Group as well was significantly affected by the planned blackouts and merchandise shortage.

The LAWSON Group, as part of the lifeline, has always worked to realize a state in which “whatever you want, whenever and wherever you need it” even in times of major disaster. In the recent disaster, the Group, in cooperation with its business partners, made best use of the stores and distribution network all over Japan to “maintain/resume the operation of the stores in the affected area,” “supply merchandise to the stores in the affected area,” “deliver relief goods,” and “collect donations.”

In this section, we report on the responses we made and those made cooperatively by our business partners and many others under the two titles of “Responses Made by the LAWSON Group right after the Earthquake Disaster” and “Cheer up, Japan!” Project – Activities for Recovery.”
Responses Made by the LAWSON Group Right After the Earthquake Disaster

Major Events and Responses of the LAWSON Group right after the Earthquake Disaster

March 11th  Set up the “Disaster Headquarters” and decided to supply merchandise to the affected area from the plants located in other areas in Japan.

March 12th  Decided to send 100 headquarters employees to the affected area.

March 13th  Resumed supply of merchandise to the Tohoku region.
            Started securing fuel for the affected area from the offices in other areas in Japan.
            Started delivery of relief goods.
            Started accepting donations in stores and through Ponta points.
            Implemented switching off of store front signs, etc. all day to respond to electricity shortage.
March 11th
On the day of the earthquake, the “Disaster Headquarters” was set up in the head office four minutes after the occurrence of the earthquake to confirm the safety of those in the affected area. Moreover, a policy was developed to supply merchandise to the stores in East Japan from the plants in other areas in Japan.

Launch of the “Disaster Headquarters” and Merchandise Supply Policy
At 14:46 of March 11th, the massive earthquake occurred. After four minutes, the “Disaster Headquarters” was set up in the head office to confirm the safety of employees, franchise owners, store managers, crew members, and others. But we could not obtain information on the area hit by the quake, because communication with the Tohoku Office was cut off.

On the other hand, a policy was developed to supply merchandise to the stores in the Tohoku region from the plants in other areas in Japan, to prepare relief goods for the affected area.

Safety of the LAWSON Family and the State of the Stores, Plants, and Distribution Centers
Of the 911 stores located in the six prefectures of Tohoku and in Ibaraki Prefecture before the earthquake, only 60% were able to continue operation because of the damage to the building, power failure, water failure, stoppage of supply of merchandise, etc. Moreover, 20 stores were forced to close, as they were either washed away or completely destroyed by the tsunami. Furthermore, merchandise-manufacturing plants and distribution centers in the Tohoku and Kanto regions were damaged by the March 11th earthquake, which made it impossible to supply sufficient merchandise to stores.

There are franchise owners, their family members, and co-workers who were victims of the earthquake. Three owners, four store managers, and six crew members have been killed and there are still some who are missing.
March 12th

The head office decided to send 100 headquarters employees to the affected area to grasp the state of the stores and provide support for store operation. Ahead of the other members, seven employees left the head office at 17:00 on the 12th.

Dispatch of 100 Employees to the Affected Area

Crisis-response meetings were held three times daily at the head office. The attendees shared information on the safety of franchise owners, store managers, and store crews as well as on store buildings, merchandise, and fuel. After discussions on countermeasures, it was decided to send about 100 headquarters employees to the affected area as support personnel to grasp the state of the stores and provide support for store operation. Ahead of the other members, seven employees left the head office at 17:00 on the 12th. Then, the other members from the head office visited the site in several groups.

Supply of Merchandise to the Stores in the Affected Area and the Kanto Region

On the 12th, an evacuation instruction was issued for the area within a 10-kilometer radius of the Tokyo Electric Power Company Fukushima Daiichi Nuclear Power Plant, then the same instruction for the area within a 20-kilometer radius, followed by another instruction for residents living within a 30-kilometer radius to stay inside their homes, which forced some of the stores in the Iwaki/Soma area to close temporarily.

The number of stores that can open increased in other disaster-stricken areas, as the confusion subsided. The amount of available merchandise, however, was small. Repeatedly, stores opened when merchandise was delivered and closed when merchandise was sold out. A shortage of merchandise of ready-made meal was seen in the stores in the Kanto region as well, because two companies that manufacture boxed lunches, rice balls, and readymade noodles were affected by the disaster. Fear of such a shortage of products prompted customers to bulk buy, which caused many daily-use products and processed food to go out of stock. Many store shelves remained empty for some time.
March 13th  We resumed supplying merchandise to respective prefectures on March 13th, as merchandise production plants resumed operation.

Resumption of the Supply of Merchandise to the Tohoku Region

Thanks to the hard efforts of the staff of merchandise manufacturers that produce boxed lunches, rice balls, bread products, etc., plants successfully resumed operation on the 13th. The top priority was placed on the supply of merchandise to the Tohoku region.

The delivery of bread products resumed on the 13th and rice balls on the 14th to some of the stores. The delivery of boxed lunches resumed on the 26th and sandwiches on the 27th in all the prefectures in Tohoku. But delivery was only once daily. Besides, customers wanted to buy a variety of products. So the merchandise shortage remained for some time. As for processed food and daily-use products, delivery was made each day from Kanto to Fukushima, Miyagi, and Yamagata Prefectures.

In this difficult situation, stores in the Tohoku region tried to keep operating to the extent possible, even though they themselves were affected by the disaster.

VOICE  From the Frontline: Employee

Makoto Tomioka, Logistics Department

"I made arrangements for the delivery vehicles to carry relief goods to the Tohoku region, after the goods were transported from Komaki Base to Fukushima Airport on a Self-Defense Force transport aircraft on March 18th. It was a demanding job on such short notice, but when I saw the scene of transportation of relief goods on TV, I felt a sense of achievement, thinking that I helped realize this operation."
March 13th We delivered relief goods to the disaster headquarters in each prefecture, starting on March 13th

To address the fuel shortage, we worked to secure fuel.

Procurement of Fuel

In the affected area, a shortage occurred concerning diesel oil for vehicles to deliver merchandise, heavy oil for manufacturing products in plants, and gasoline for company cars for use by SVs (supervisors: store management instructors) and for the cars of franchise owners and plant workers going to work.

In order to resolve the shortage of fuel, we tried to secure it for the affected area, collecting gasoline from the offices throughout Japan. A franchise owner who operates a gas station in Kyoto personally drove the tank lorry he owns for more than 1,000 kilometers each way to deliver fuel to the affected area.

Delivery of Relief Goods

The LAWSON Group delivered relief goods to the disaster headquarters of respective local governments to support the affected area.

| March 13th | March 14th | March 15th | March 18th | April 8th | April 20th
|------------|------------|------------|------------|-----------|-----------
| 10,944 bottles of mineral water (2 liters each); 10,752 cup noodles; 16,000 pairs of chopsticks/plastic bags | 1,450 rice balls | 18,550 rice balls; 10,000 packages of bread | 24,000 packages of bread | 40,000 rice balls; 8,000 packages of bread | 1,490 emergency and other meal packs |
| Miyagi Prefecture | Aomori Prefecture | Iwate Prefecture | Fukushima Prefecture | Miyagi Prefecture | Ishinomaki City, Miyagi Prefecture |
| | | | | | | |
| Provided School Lunch Replacement Meals in Soma City

LAWSON provided a total of 3,459 students, school children, and kindergarten children of Soma City, Fukushima Prefecture, with school lunch replacement meals for three days, starting from April 20th, as the school lunch facilities in the area were damaged by the disaster. Different menus were served each day, including rice balls, boxed lunches, bread snacks, baked goods, ready-made dishes, milk, fruit, and desserts.
March 13th

The LAWSON Group jointly started a fund-raising campaign titled the “Great East Japan Earthquake Relief Fund.” Moreover, electricity-saving measures have been taken in stores.

Acceptance of Donations in Stores and with Ponta Points Started

LAWSON started preparing for fund raising right after the earthquake. Notices and announcements to stores nationwide were developed and fund raising was started in the LAWSON stores as well as stores of the Group companies, including Ninety-nine Plus stores, LAWSON Okinawa, and HMV Japan on March 13th. The funds were raised from customers all over Japan, including donations with points by the Ponta card and HMV membership cards, between March 13th and April 30th amounted to ¥1,038,101,304. The money will be used to provide support to disaster victims through the Japanese Red Cross Society.

Switching off of Store Front Signs throughout the Day Nationwide

In order to respond to the electricity shortage due to the Tokyo Electric Power Company Fukushima Daiichi Nuclear Power Plant disaster, etc. all the LAWSON stores except those located in the Tohoku region and Ibaraki Prefecture implemented measures for saving electricity, starting from the evening of March 13th. Store front signs were switched off during the nighttime, and more than 50% of the in-store lighting and heating was switched off during daytime. (In Hokkaido, heaters were kept on.)

Planned blackouts were implemented in some of the areas where electricity is supplied by Tokyo Electric Power Company, starting from March 14th. During the blackouts, the stores in those areas opened during the daytime and closed after sunset from the viewpoint of crime prevention.
"Cheer up, Japan!” Project - Activities for Recovery

Responses of the LAWSON Group

<table>
<thead>
<tr>
<th>Date</th>
<th>Activity Description</th>
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<tbody>
<tr>
<td>April 14th</td>
<td>Founded the “Support Dreams Fund.”</td>
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<tr>
<td>April 21st</td>
<td>The first temporary store opened in Rikuzentakata City in Iwate Prefecture.</td>
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<td></td>
<td>Started the operation of “Mobile LAWSON-Go,” a mobile vending vehicle, in the affected area.</td>
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<tr>
<td>May 6th</td>
<td>Started delivering carnation flowers for Mother’s Day to evacuation centers.</td>
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<tr>
<td>May 15th</td>
<td>The second temporary store opened in Minamisanriku-cho, Miyagi Prefecture.</td>
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<tr>
<td>May 18th</td>
<td>Part of the proceeds from sales of rice balls in all the stores belonging to the Kanto Office were donated to the “Support Dreams Fund.”</td>
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<tr>
<td>May 21st</td>
<td>Jointly held a concert to support the affected area.</td>
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<tr>
<td>June 5th</td>
<td>Sunflower and snapdragon seeds were handed out in stores.</td>
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<tr>
<td>June 7th</td>
<td>Part of the proceeds from sales of rice balls in all the stores belonging to the Tohoku Office were donated to the “Support Dreams Fund.”</td>
</tr>
<tr>
<td>July 1st</td>
<td>Started taking electricity-saving measures in the stores located in the areas serviced by Tokyo/Tohoku Electric Power Company.</td>
</tr>
<tr>
<td>July 7th</td>
<td>Three temporary stores opened in Yamada-machi and Otsuchi-cho, Iwate Prefecture (7th, 19th, and 21st).</td>
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On April 14th, about a month after the quake, the LAWSON Group decided to start the “Cheer up, Japan!” Project with collective efforts, hoping for the recovery of the Japanese economy.

The “Cheer up, Japan!” Project Started.
Lawson started the “Cheer-up, Japan!” Project after reviewing what it is that only a convenience store, which is closely connected with daily life, can do. Through the project, the LAWSON Group carries out activities that will help revitalize the Japanese economy, including the improvement of local infrastructure in the affected area, provision of support for economic revitalization, and provision of assistance for students to continue their study.
**“Cheer up, Japan!” Project – Activities for Recovery**

April 14th

LAWSON set up the “Support Dreams Fund,” a scholarship program, for students who have worries about the affordability of university education, etc. due to the effects of the recent disaster.

The “Support Dreams Fund” has been set up.

We need young people’s power to recover from the disaster. Therefore, the LAWSON Group has set up a scholarship program called the “Support Dreams Fund,” which will help high school students, specialized vocational high school students, etc. affected by the Great East Japan Earthquake to stay at school/enroll at university, etc.

The “Support Dreams Fund” will be operated with contributions from LAWSON, donations from Group executives, franchise owners, employees, store managers, and store crews, donations made in stores and through Ponta points, and donations from business partners. In cooperation with education organizations, NPOs, etc., the Fund will provide ¥30,000 a month per student as scholarship money for a maximum of seven years during the time scholarship students study at high school, university, etc. Moreover, scholarship students will be referred to LAWSON Group stores for part-time jobs based on request.

Part of the Proceeds from the Sales of Rice Balls Went into the Fund

A campaign to discount the price of all types of rice balls by ¥20 was undertaken in 2,592 stores that belong to the Kanto Office (between May 18th and 21st; May 25th and 28th) and in 769 stores that belong to the Tohoku Office (between June 7th and 13th). From the sales during the campaign, ¥10 per rice ball sold was donated to the “Support Dreams Fund.”
“Cheer up, Japan!” Project – Activities for Recovery

April 21st

LAWSON working with full efforts for the recovery of the affected area opened temporary store No.1 Opened in Rikuzentakata City in Iwate Prefecture on April 21st. Moreover, temporary stores were opened in Minamisanriku-cho in Miyagi, and in Yamada-machi and Otsuchi-cho in Iwate. Currently, a total of five temporary stores are operating (as of August 31st, 2011).

Temporary Store No.1 opened in Rikuzentakata City, Iwate Prefecture.

There were six LAWSON stores in Rikuzentakata City in Iwate Prefecture before the disaster, but all of them were washed away or completely destroyed by the tsunami. The “Rikuzentakata Naruishi store” opened as the first temporary store in the city on April 21st. On the first day of the store’s operation, vegetables, snacks, roll cakes, soft drinks, and daily necessities were sold under a tent set up outside the store. Operation in the store started on the 22nd.

On May 15th, “Minamisanriku M’s store” opened as the second temporary store by refurbishing the warehouse of M’s Shizugawa Distribution Center in Minamisanriku-cho in Miyagi Prefecture and in July, two stores (Yamada-machi Nagasaki store from July 7th and Yamada-machi Osawa Store from July 21st) opened in Yamada-machi, Iwate Prefecture, and one store (Otsuchi-cho Kirikiri store from July 19th) opened in Otsuchi-cho in the same prefecture as temporary stores.

Started Operation on a Mobile Vending Vehicle

LAWSON also operated in the affected area, using a mobile vending vehicle called “Mobile LAWSON-Go.” The vehicle had been used for on-site sales in the Kinki region. It is equipped with a storage cabinet for boxed lunches, rice balls, and sandwiches, a refrigerator display case for soft drinks, deep-frying equipment, and a showcase.

VOICE

Mr. Hiroshi Kinno
Manager, Rikuzentakata Naruishi Store

“I am so excited to be able to work. To be able to say to a customer, ‘Welcome to our store’ and the fact that I have a job make me so happy.”

Mr. Kazuyuki Sato
Manager, Rikuzentakata Naruishi Store

“Customers had been saying to me, ‘When are you going to open the LAWSON store? Please open it immediately!’ It was after about 50 days that I was back to work to serve customers and I feel that there is a blank that needs to be filled in. I will motivate myself to encourage customers.”
“Cheer up, Japan!” Project – Activities for Recovery

May 6th

We provided a service to deliver carnation flowers directly to mothers staying in evacuation centers on May 6th and after (for orders received between April 25th and May 1st).

Delivery of Carnation Flowers to Evacuation Centers on Mother’s Day

We provided a service to deliver carnation flowers directly to mothers staying in evacuation centers on May 6th and after (for orders received between April 25th and May 1st).

Support for Economic Revitalization of the Affected Area

We sell food products, agricultural products, sake, and other alcoholic drinks produced in the Tohoku region and Ibaraki Prefecture as products “MADE in Tohoku” and “MADE in Ibaraki” in LAWSON stores and the Lawson Online Shopping website. On May 13th, we handed out for free 10,000 pieces of “Nanbu senbei (rice cracker)” produced in Tohoku, in the store opened on the day, commemorating the establishment of 10,000 stores in Japan.

Handed out Sunflower and Snapdragon Seeds

Taking advantage of the “LAWSON Green Fund,” we handed out sunflower and snapdragon seeds in our wish to fill the community with flowers and greenery to encourage local citizens. We gave away seeds of two different plants, sunflower and snapdragon, to 1.6 million people in LAWSON stores all over Japan, starting from June 5th.
“Cheer up, Japan!” Project – Activities for Recovery

May 21st LAWSON held a live event jointly with DREAMUSIC Inc. to enliven people affected by the Great East Japan Earthquake in our effort to encourage the affected area and Japan as a whole.

Revitalization of the Affected Area and Japan as a Whole through Entertainment

We work to encourage the affected area and Japan as a whole for recovery and economic revitalization through the appeal of entertainment. LAWSON asks various artists and characters to offer special goods and digital contents through LAWSON ENTERMEDIA, INC., and HMV Japan K.K. in order to donate the proceeds to support recovery from the Great East Japan Earthquake disaster.

As the first of the series, exchange of “EXILE” special goods with Ponta points was implemented and all the points used by customers went to donations. Cooperation will be provided by Tomoyasu Hotei, Kou Shibasaki, Momoiro Clover Z, and many other artists.

Co-hosting of Concerts to Support the Affected Area

Moreover, through LAWSON ENTERMEDIA, INC., we positively provide support by organizing and sponsoring concerts and events held for recovery. We held a live event titled “Cheer up, Japan! DREAMUSIC × LAWSON Special Live” jointly with DREAMUSIC Inc. which is celebrating the 10th anniversary of its foundation this year at the Keio University Fujiwara Hiroshi Hall on May 21st, where Yuzo Kayama, Ryoko Moriyama, Ayaka Hirahara, and other artists performed. High-definition images of the event were relayed live to evacuation centers, etc. in the affected area via optical fiber cables laid by NTT East Japan (NIPPON TELEGRAPH AND TELEPHONE EAST CORPORATION).
July 1st

In order to address the power shortage this past summer, we started implementing electricity-saving measures, setting a target of a 25% reduction in peak electricity usage year on year in the LAWSON stores located in the areas serviced by Tokyo/Tohoku Electric Power Company.

Installation of LED Lighting in All the Stores throughout Japan

LAWSON started implementing electricity-saving measures, setting a target of a 25% reduction in peak (July-September/9am-8pm) electricity usage year on year in the (3,400) LAWSON stores located in the areas serviced by Tokyo/Tohoku Electric Power Company in order to address the power shortage this past summer.

The items implemented this time were determined based on knowledge and data of experiments obtained concerning stores with energy-saving features in collaboration with the University of Tokyo Institute of Industrial Science (Yashiro Laboratory), starting from June 2008. The percentage of reduction was highly accurate as it was arrived at based on the results of monitoring eight stores nationwide with different locations and environments 24 hours a day, 365 days a year, and the plan was highly feasible.

LAWSON decided to install LED lighting in all the stores throughout Japan by the end of fiscal 2011. In addition, by switching off the lighting of freezer and refrigerator cases and raising the preset temperature of air conditioners (+2ºC), we are working to achieve the target of a 25% reduction.

Change in uniform

In order to address the change in the store temperature, the uniforms in the stores located in the areas serviced by Tokyo/Tohoku Electric Power Company have been changed to aprons.

MAJOR ITEMS IMPLEMENTED IN STORES FOR SAVING ELECTRICITY

- Cleaning various filters once a week
- Switching off lighting in the restroom (outside the cubicles) (when not in use)
- Switching off in-store lighting for the two rows nearest to the store entrance (from 9 am to sunset)
- Presetting in-store air conditioners to two degrees centigrade higher
- Stopping using the heating function of the cases with cool/warm switching capabilities
- Switching off the lighting of the devices that require cooling
- Setting the temperature of the open cases one degree centigrade higher
- Stopping using jet towels

MAJOR ITEMS IMPLEMENTED IN STORES FOR SAVING ELECTRICITY

- LED lighting for a new store

LED lighting for a new store

Aprons
“Cheer up, Japan!” Project – Activities for Recovery

There was confusion concerning delivery of merchandise and others in various sections of the LAWSON Group companies due to the recent disaster. This page describes major movements toward recovery in respective companies.

State and Responses of LAWSON Group Companies

Ninety-nine Plus Inc.

On March 14th, soon after the March 11th earthquake, four among the 29 stores, including LAWSON STORE100 in Miyagi Prefecture, resumed operation. The remaining 25 stores were not in a state where operation was possible. Although a stock of merchandise was kept in the distribution center, delivery was not possible due to the shortage of workers and fuel. Moreover, most of the stores in the Kanto region ran out of stock, because many customers bulk bought merchandise out of fear of product shortage. In order to improve the above situation, support teams were sent from the headquarters to the Tohoku region to conduct recovery activities.

HMV Japan K.K.

Of the 33 stores nationwide, 21 are located in the Kanto and Tohoku regions. Immediately after the earthquake, about two thirds of the stores stopped operation, but the operation was resumed around March 30th.

Moreover, from the occurrence of the earthquake until mid April, almost all scheduled new releases were postponed.

LAWSON ENTERMEDIA, INC.

More than 5,000 performances were either cancelled or postponed because of the earthquake disaster. As a result, we were extremely busy serving customers, gathering information on refunds and postponements, providing information to customers, arranging ticket delivery, and notifying the procedures for postponed performances.

When the situation settled down in May, we started providing support for the concerts held to encourage the affected area and Japan as a whole through the appeal of entertainment.
Concerning the responses to the recent earthquake disaster, we have received many valuable comments and much encouragement. Excerpts are shown below:

**Encouragement**

- I understand LAWSON stores have been operating with reduced lighting to save electricity since the occurrence of the earthquake. Thank you for your effort in this time of difficulty.

- I think that the “ties between people”-family members, friends, colleagues, and others-are important. I think a time like this makes me aware of their value. I made a donation, although just a small amount.

- They stayed in the store for local people for 24 hours from the day of the earthquake, providing what was left in the store and tap water and letting us use the restroom. The store manager and store crews did not take any day off and worked for local citizens, although they have homes of their own. All the people in the neighborhood are truly grateful because the tap water and availability of the restroom really helped us immediately after the earthquake when lifelines were damaged.

**Comments**

- Will you please advise all the LAWSON stores in Japan to turn off signs and advertising displays in order to address the power shortage? Supply of food products is urgently needed, of course, but we also need electricity. In total darkness, you cannot save a life that can be saved. Please do stop the use of electricity for signs and advertising displays nationwide to give the ray of hope to the affected area.

- I have extra LAWSON points. Can I use these points for making donations? I think those who do not know what to do with these points, just like myself, will be happy to be of help.

- I would like you to help the affected area to recover by, for example, making boxed lunches and rice balls mainly with rice and vegetables produced in the affected area and donate part of the proceeds from the sales. It is expected that the period needed for recovery from the disaster will be prolonged. I think the provision of sustained support for recovery is possible if the convenience stores, which are closely connected with our daily life, keep providing support for recovery.