(TRANSLATION ONLY)

Securities code: 2651

May 2, 2008

To Those Shareholders with Voting Rights

Takeshi Niinami
Representative Director
LAWSON, INC.
11-2, Osaki 1-chome, Shinagawa-ku, Tokyo

NOTICE OF THE 33rd ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 33rd Ordinary General Meeting of Shareholders to be held as follows:
If you are unable to attend the meeting, please read the attached REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS and return the Voting Rights Exercise Form with your vote of approval or disapproval so that it will reach us by 5:45 p.m., Thursday, May 22, 2008.

1. Date and Time: 10 a.m., Friday, May 23, 2008
2. Place: Melpark Hall,
5-20, Shiba-Koen 2-chome, Minato-ku, Tokyo
(As we have a different venue from last year, please refer to the map attached at the end of this notice for this year's location.)
3. Objectives of the Meeting:
Reports:
The Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the 33rd Fiscal Term (from March 1, 2007 to February 29, 2008), as well as the Audit Reports Thereof

Agenda for Resolutions:
Proposal No. 1: Appropriation of Surplus
Proposal No. 2: Partial Amendment to the Articles of Incorporation
Proposal No. 3: Election of Seven (7) Directors
Proposal No. 4: Election of One (1) Corporate Auditor

For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.
If you wish to exercise your voting rights by proxy, your attorney-in-fact is requested to present a document evidencing his/her proxy, such as a power of attorney, together with the Voting Rights Exercise Form in such attorney-in-fact's own name at the reception desk. (The qualified attorney-in-fact is limited only to one shareholder having voting rights for this meeting as per relevant provision in the Articles of Incorporation.)
Since the reception desk will be congested immediately before the meeting opens, we cordially request you to arrive early at the place of the meeting.
If any amendment is made to this notice, such amendment will be disclosed on the Company's Web site.
(http://www.lawson.co.jp/company/ir/stock/stockholder.html)

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

(TRANSLATION ONLY)

BUSINESS REPORT

(March 1, 2007, through February 29, 2008)

I. CURRENT STATUS OF THE CORPORATE GROUP

1. Summary of Operations

(1) Process and Results of Operations

In the fiscal year ended February 29, 2008 (the reporting term), although the Japanese economy experienced stable growth, there are signs of a slowdown in the market as a result of such factors as soaring crude oil prices and the subprime mortgage crisis, and consumer spending is flat. In regard to economic trends, there are growing discrepancies between the three metropolitan centers and the country towns and the situation still continues where it is not possible to measure any uniform nationwide trends.

The highlight in the retail industry was a spate of corporate reorganization that involved major GMS chains and department stores entering into capital alliances and operational tie-ups.

In the convenience store sector, there was an intensification of the already fierce competition among the major chains in terms of new store openings and merchandise development. Convenience stores also found themselves in fierce competition with businesses of other retail sectors such as restaurant chains extending their business hours, and drugstores and price-point retailers such as the 100 yen shops offering a rich selection of low-price merchandise assortment. Furthermore, an impact from Japan's aging population is being felt. Traditionally modeled convenience stores target men in their 20s and 30s and offer the same nationally-uniform assortment and services as their counterpart stores. These stores are forced into a war of attrition with their competitors, and existing stores consequently continue to suffer dropping revenues.

In this operating environment, the LAWSON Group has adopted the following management policies with the aims of realizing its corporate philosophy of "Happiness and Harmony in our Community," and improving customer satisfaction in convenience store operations and other businesses.

The LAWSON Group achieved the following earnings results for the year under review.

Total operating revenue was ¥301,176 million (up 6.4%), and ordinary profit increased to ¥46,244 million, a year-over-year increase of ¥1,597 million (up 3.6%), which was mainly due to a revenue increase of ¥3,118 million from franchise stores, reflecting the increased number of franchised stores, while net income was ¥22,119 million, a year-over-year increase of ¥1,136 million (up 5.4%).

Operating results by business segment were as follows:

Convenience Store Operations
<Merchandise Strategy>
The Company, rigidly adhering to the LAWSON Group's proprietary set of standards for opening new stores, strove to open new stores in areas promising high profitability, principally in the Tokyo, Kinki and Chubu metropolitan areas. Together with its efforts to recruit highly capable franchise store owners, the Company also invested time and effort into gathering information on optimal locations for new stores through closer collaborations between the Company's store operation and development divisions and with major local companies in candidate areas for store openings. In February 2008, Lawson signed a franchise contract with Shinsengumi Honbu, which is a growing convenience store business in the Tokyo metropolitan areas, to become its franchisee.

In store openings, the Company fully leveraged the strengths of its three main store formats, LAWSON, NATURAL LAWSON, and LAWSON STORE100, to open stores with formats designed to best meet the needs of the customers of that community (area). The Company also continued to proceed with the remodeling of existing regular "LAWSON" stores into the new "LAWSON PLUS" format.

Through these measures, the number of new stores opened during the reporting period came to 452, of which 22 were "NATURAL LAWSON" stores, 3 were "LAWSON STORE100" stores, and 1 was converted from a Shinsengumi store. The number of stores closed (including those that were relocated) came to 429.

As a result, the total number of stores at term's end reached 8,587, which included 91 "NATURAL LAWSON" stores and 72 "LAWSON STORE100" stores. This marks a year-on-year increase of 23 stores.

The number of stores operated by SHANGHAI HUALIAN LAWSON CO., LTD., a Chinese affiliate under the equity method, was 287 stores as of December 31, 2007.

Also, as of December 31, 2007, the total number of stores (price-point store "SHOP 99" and others) operated by Ninety-nine Plus Inc., which became an affiliate under the equity method, was 827 stores.

<Merchandise Strategies and Services>
The Company's merchandise development centered on health-oriented merchandise for older adults and women, and generous-serving merchandise for its core target group (men in their 20s and 30s).

In the health-oriented line of merchandise, the Company developed merchandise with "neba-neba" (sticky) ingredients including okra, nameko mushrooms, mekabu seaweed, yam, natto (fermented soybeans), and others, and held campaigns such as "*Haru no Neba-neba Oukoku*" (Spring's Sticky Kingdom) and "*Natsu ni Mukatte! Neba-neba Oukoku*" (Get Ready for Summer! Sticky Kingdom).

As for generous-serving merchandise, the Company developed "*Dodekai Gyudon*" (generous-serving beef on rice), "*Dodekai Chahan*" (generous-serving fried rice) with gyoza dumplings and held the "*Dodekai Fair*" (Generous-Serving Fair).

The Company also conducted aggressive sales promotion campaigns, which included: "*Toku Uma!* Fair" (Tasty Bargains Fair), "Miffy Goods Present Campaign," and "The Autumn *Rilakkuma* Fair."

As for services, there were more than 149 million transactions by customers using the Company's bill payment service, and their total value reached ¥1,412.3 billion. Also the Company newly introduced ATMs (automatic teller machines) to 6 prefectures making the total number of ATM-deployed prefectures to 36. Aggressive policies to promote the participation by customers in customer loyalty programs (LAWSON PASS and MY LAWSON POINTS), have earned the Company nearly 6.22 million card members for both programs combined. These programs have been received favorably by customers.

In order to continue to improve convenience for its customers, the Company installed in its stores a single machine that operates as a multifunctional terminal capable of handling the major electronics payments services and began handling "iD (TM)," "QUICPay (TM)", and "Edy."

<Store Operations>
In its store operations, the Company will particularly work on ensuring the merchandise assortment suits the customers of the community (area), and has stepped up efforts to provide store guidance on an individual store basis to create individually tailored stores. The creation of individually tailored stores is achieved by a thorough understanding of the customers in the target commercial area and creating sales spaces that thoroughly satisfy the particular group of customers in each community.

To minimize lost sales opportunities (i.e. where store stocks run out of the merchandise that customers require) and waste-based losses (i.e. where surplus merchandise is not purchased by customers), the Company also made best efforts to further advance and encourage the use of its store diagnostic reports (a management decision resource created from individual store marketing and management analyses).

The Company continues to practice its “Mystery Shopper” program (in which inspectors pretending to be ordinary shoppers, objectively and qualitatively evaluate each store) and the results of this program contribute to strengthening the management capabilities of store managers.

<Corporate Social Responsibility (CSR)>
In the corporate social responsibility (CSR) field, the Company continued its environmental protection and social contribution activities. Franchise owners and employees contributed to these efforts working together with the CSR Promotion Office under the direct control of the president. Now into its 17th year, LAWSON Green Fund has been involved in forestation activities and tree-planting with elementary schools and schools for children with located in the neighborhoods of our customers. The number of schools involved in this initiative had reached 88 at term’s end. The Company proactively helped with relief fund-raising and provision of supplies after typhoons, earthquakes and other disasters with its “Disaster Relief Fund.” Consequently, funds raised since 1992 for the “Green Fund” and all disaster relief funds have totaled approximately ¥3.35 billion at term’s end. In its efforts towards reducing waste materials, the Company reduced overall waste by recycling cooking oils, promoting the conversion of food waste to animal feed and fertilizers, and using composting machines. Because of these policies, the food recycling rate reached a nationwide store average of 24% at term’s end. Furthermore, to reduce usage of plastic bags and disposable wooden chopsticks and therefore save resources, the Company has begun a “Carry-It Campaign,” in which the Company encourages customers to carry regularly their own bags and chopsticks. The Company has handed out a total of about 760,000 shopping bags, the “Convenience Store Eco-bag,” mainly at its stores. Hereafter, the Company, working together with its customers, shall proactively continue its environmental protection and social contribution activities.

<Other Activities>
As an effort to increase its customer base through business alliance, in February 2008, the Company and Japan Post Holdings Co., Ltd. signed an agreement to form a comprehensive business alliance to improve the convenience of customers throughout Japan, and contribute to local communities.

The Company is continuing its efforts to put in place the internal control system and instill a compliance consciousness throughout the entire company based on the “2007 Basic Policy for Improvement of Internal Control Systems.”

[Total Operating Revenue in the Convenience Store Business]

Total Operating Revenue (¥Millions)	Year over Year (%)
282,487	106.2

[Net Sales at All LAWSON Stores in the Convenience Store Business]

Product Group	Sales (¥Millions)	Composition Ratio (%)	Year over Year (%)
Processed foods	726,750	51.4	103.1
Fast foods	327,501	23.1	100.8
Daily delivered foods	162,625	11.5	104.5
Non-food products	198,230	14.0	98.7
Total	1,415,106	100.0	102.1

Other Operations
In addition to convenience store operations, the LAWSON Group is also involved in ticket sales and financial services, etc.

Managing the ticket sales business, LAWSON TICKET, INC. performed robustly and enjoyed year-on-year increases in its mainstay concert ticket sales, as well as theatrical performance and sporting event ticket sales. Selling, general and administrative expenses also increased, however, which resulted in an overall performance lower than the previous year.

Running ATM operations for LAWSON stores, LAWSON ATM Networks, Inc. performed well as a result of an increase in the number of ATM machines installed nationwide in LAWSON stores, etc. and the number of transactions. The number of ATMs installed nationwide reached 5,643 at term's end.

[Total Operating Revenue in Other Business]

Total Operating Revenue (¥Millions)	Year over Year (%)
23,490	117.4

(2) Capital Expenditures and Financing
Capital expenditures of the LAWSON Group during the year totaled ¥31,488 million, of which ¥23,268 million was primarily for store facility investment in land and buildings and ¥7,909 million was for the reinforcement of information systems.

The LAWSON Group's own funds were applied to all the capital expenditures required for capital investments during the year ended February 29, 2008.

(3) Changes in Operating Results and Financial Position

1) Changes in Operating Results and Financial Position of the Corporate Group

Fiscal term / Category	Fiscal 2005 30th Term	Fiscal 2006 31st Term	Fiscal 2007 32nd Term	Fiscal 2008 33rd Term
Total operating revenue (¥Millions)	254,395	268,058	283,053	301,176
Ordinary profit (¥Millions)	42,322	43,940	44,646	46,244
Net income (¥Millions)	20,435	22,025	20,983	22,119
Net income per share (¥)	198.47	215.50	201.50	214.69
Total assets (¥Millions)	356,309	375,106	398,258	397,107
Net assets (¥Millions)	160,282	175,184	199,493	188,573
Net assets per share (¥)	1,568	1,712	1,868	1,867

2) Changes in Operating Results and Financial Position of the Company

Fiscal term / Category	Fiscal 2005 30th Term	Fiscal 2006 31st Term	Fiscal 2007 32nd Term	Fiscal 2008 33rd Term
Net Sales of LAWSON Stores including Franchised Stores (¥Millions)	1,329,077	1,360,495	1,377,842	1,402,786
Total operating revenue (¥Millions)	239,534	248,041	256,023	269,582
Ordinary profit (¥Millions)	42,237	43,639	44,526	45,298
Net income (¥Millions)	20,585	22,707	21,733	18,899
Net income per share (¥)	199.93	222.18	208.70	183.43
Total assets (¥Millions)	350,180	368,276	389,109	385,335
Net assets (¥Millions)	163,991	179,505	200,257	187,146
Net assets per share (¥)	1,604	1,754	1,917	1,886

(4) Challenge for the Future Success
It seems unlikely that consumer spending in Japan will pick up in the next fiscal year due to misgivings about consumption stemming from skyrocketing prices of raw materials and the pension problem.

In addition, competition in the convenience store business is increasing. Against this backdrop, it seems to be becoming more and more difficult for a convenience store chain operator to realize stable and sustainable growth amid a declining birthrate and aging population, if it sticks to conventional types of convenience stores.

In this business environment, the LAWSON Group will undertake strategies focused on existing stores as part of its fiscal 2008 management policy: "To become the chain operator chosen by store owners by revitalizing existing stores." Based on this management policy, we will push forward with the management strategies listed below.

1) Increasing Number of Customers
With regard to store operations, we will strive to enhance lineups of merchandise suited to individual local communities by making better use of our store diagnostic reports.

With regard to merchandise strategies, we will particularly enhance product development for rice balls and fast food, which are the Company's core products. We will also focus on development of products that match customer tastes, which varies from region to region.

In the area of sales promotion activities, we will launch advertisement aimed at improving the brand image of the LAWSON Group and effectively utilize “LAWSON PASS” cards and “My LAWSON POINT” cards to rejuvenate existing stores.

An increase in the number of customers will lead to increased earnings, thereby contributing to the improvement of franchise owner satisfaction.

2) Curbing Number of Stores to Be Closed and Improving Asset Efficiency Through Improvement of New Store Quality
The LAWSON Group will strive to create excellent new stores by thoroughly implementing its original standards for setting up outlets. We will reduce extraordinary losses attendant upon closure of stores by slashing the number of stores to be closed, and thereby aim to improve asset efficiency on a company-wide basis.

3) Enhancing Personnel Training
Based on our management philosophy and action guidelines, we will continue to concentrate our energies on personnel training. We will also implement carefully thought out management that matches regional characteristics, which is necessary for the promotion of individual store-centered principles, using the branch management system composed of seven branches nationwide.

4) Reinforcing Next-Generation Information System Infrastructure
We plan to introduce next-generation information systems from fiscal 2009 to fiscal 2010, and will start establishing the appropriate infrastructure. These new systems will be based on an optical fiber network. We will proceed with review and building of store-related systems, including point of sale (POS) registers, store computers and store operation equipment, as well as company-wide information systems such as those for merchandise development, store development, finance and accounting, and integrated master (master for management of merchandise and suppliers). The next-generation systems are expected to reduce loss of sales opportunities and loss resulting from disposal of merchandise in store operations, raise order-placement accuracy and improve merchandise development capability.

5) Promoting Internal Control
Since the Financial Instruments and Exchange Law calls for preparation of internal control reports and audit by auditing firms from the business year starting on March 1, 2009, we will continue to push forward with the establishment and improvement of internal control over financial reporting. Based on the 2008 Basic Policy for Improvement of Internal Control Systems, we will keep working hard on improving legal compliance systems, information preservation and managements systems, and risk management systems.

We will endeavor to improve customer satisfaction by steadily implementing these management measures; through improved customer satisfaction, we aim to boost corporate earnings by increasing the number of customers, thus expanding the earnings of franchise owners and subsequently improving corporate value.

We look forward to the continued support and encouragement of our shareholders.

2. Current Status at the End of the Year

(1) Major Business Operations and Principal Offices

Convenience Store Business

1) LAWSON, INC.

Major Business: LAWSON, INC., operates the LAWSON-brand franchise system and Company-operated stores as the headquarters of LAWSON and NATURAL LAWSON convenience chain stores

Head Office: Shinagawa-ku, Tokyo

Principal Offices: Hokkaido LAWSON Branch (Chuo-ku, Sapporo), Tohoku LAWSON Branch (Aoba-ku, Sendai), Kanto LAWSON Branch (Shinagawa-ku, Tokyo), Chubu LAWSON Branch (Naka-ku, Nagoya), Kinki LAWSON Branch (Suita, Osaka), Chugoku & Shikoku LAWSON Branch (Okayama, Okayama) and Kyushu LAWSON Branch (Hakata-ku, Fukuoka)

Note: In addition to the above sites, the Company has 100 offices throughout Japan including District Offices.

Stores:

Prefecture	Number of Stores	Prefecture	Number of Stores	Prefecture	Number of Stores	Prefecture	Number of Stores
Hokkaido	496	Tokyo	896	Shiga	126	Kagawa	98
Aomori	156	Kanagawa	490	Kyoto	194	Ehime	155
Iwate	166	Niigata	103	Osaka	818	Kochi	62
Miyagi	158	Toyama	105	Hyogo	487	Fukuoka	320
Akita	141	Ishikawa	73	Nara	105	Saga	60
Yamagata	55	Fukui	88	Wakayama	115	Nagasaki	82
Fukushima	95	Yamanashi	64	Tottori	85	Kumamoto	92
Ibaraki	105	Nagano	139	Shimane	77	Oita	118
Tochigi	104	Gifu	102	Okayama	123	Miyazaki	83
Gunma	71	Shizuoka	148	Hiroshima	128	Kagoshima	106
Saitama	343	Aichi	329	Yamaguchi	112	Okinawa	135
Chiba	286	Mie	84	Tokushima	109	Total	8,587

2) VALUE LAWSON, Inc.

Major Business: VALUE LAWSON, Inc., engages in the operations of “LAWSON STORE 100” stores. The number of “LAWSON STORE 100” stores (72) is included in the table above.

Head Office: Shinagawa-ku, Tokyo

Note: Liquidation of NATURAL LAWSON, INC., which engaged in the convenience store business at the end of the previous fiscal year, was completed as of February 21, 2008, as its business was absorbed by the Company. The number of NATURAL LAWSON stores (91) is included in the table above.

Other Business

Company Name	Head Office	Major Business	
LAWSON TICKET, INC.	Shibuya-ku, Tokyo	Ticket sales business	Sells tickets for various events inside LAWSON stores, etc.
i-Convenience, Inc	Shinagawa-ku, Tokyo	e-commerce business	Engages in the merchandising business and provides services and information through its mobile phone site "LAWSON MOBILE"
LAWSON ATM Networks, Inc	Shinagawa-ku, Tokyo	Financial services–related business	Establishes shared ATMs in LAWSON stores, etc.
BestPractice Inc.	Shinagawa-ku, Tokyo	Consulting business	Engages in actual-condition surveys concerning convenience stores to give advice and specific proposals for the improvement of LAWSON stores

(2) Employees

1) Employees of the Corporate Group

Designation of Business Segment	Number of Employees (Increase/decrease from the Previous Fiscal Year)
Convenience store business	3,422 (100)
Ticket sales business	174 (16)
e-commerce business	33 (9)
Financial services-related business	20 (5)
Consulting business	86 (-9)
Total	3,735 (121)

2) Employees of the Company

Number of Employees	(Increase from the Previous Fiscal Year)	Average Age	Average Years of Service
3,316	(185)	36.9	10.3

(3) Status of Major Business Combinations

1) Important Subsidiaries

Company Name	Common Stock (¥Millions)	Equity Position (%)	Major Business
VALUE LAWSON, Inc.	99	100.0	Convenience store business
LAWSON TICKET, INC.	2,892	75.1	Ticket sales business
i-Convenience, Inc	2,000	51.0	e-commerce business
LAWSON ATM Networks, Inc	3,000	58.0	Financial services-related business
BestPractice Inc.	10	100.0	Consulting business

Notes:

1. The equity position of the Company in LAWSON TICKET, INC. rose from 50.8% to 75.1% as the Company acquired additional 13,402 shares of the firm through a tender offer (tender offer period: from May 14, 2007 to June 12, 2007).
2. Liquidation of NATURAL LAWSON, INC. was completed as of February 21, 2008, as its business was absorbed by the Company.

2) Other Important Business Combinations

i) Important Affiliated Companies

Company Name	Common Stock	Equity Position (%)	Major Business
SHANGHAI HUALIAN LAWSON CO., LTD.	CNY165,898 thousand	49.0	Convenience store business
LAWSON CS Card, Inc.	¥4,200 million	50.0	Financial services-related business
naturalBeat Co., Ltd.	¥100 million	33.4	Restaurant business
Ninety-nine Plus Inc.	¥5,338 million	34.2	Convenience store business

Notes:

Ninety-nine Plus Inc. became an affiliated company accounted for by the equity method as the Company acquired 31,500 shares from subscription for its capital increase through the third-party allocation of new shares as of March 16, 2007.

The equity position of the Company in Ninety-nine Plus Inc. has risen to 34.2% as a result of factors including the Company's subscription for its capital increase through the third-party allocation of new shares after the first such subscription.

ii) Important Business Alliance

Mitsubishi Corporation holds 32.7% of the total voting rights (32,399 thousand shares) of the Company (including indirect holdings). Recognizing Mitsubishi Corporation as the most important strategic partner, the Company has entered into extensive business tie-up agreements with Mitsubishi Corporation for the enhancement of existing businesses and the development of new businesses.

II. CURRENT STATUS OF THE COMPANY

1. Shares at the End of the Year

(1) Total Number of Shares Authorized to Be Issued: 409,300,000 shares

(2) Total Number of Shares Issued and Outstanding: 99,600,000 shares (Including 463,629 shares of treasury stock)

Note: "Total Number of Shares Issued" decreased by 5,000,000 shares from the end of the previous fiscal year due to the cancellation of treasury stock in February 2008.

(3) Number of Unit *(tangen)* Shares: 100 shares

(4) Number of Shareholders: 39,944

(5) Major Shareholders:

Shareholder's Name	Investment in the Company	
	Number of shares held (Thousands)	Equity position (%)
Mitsubishi Corporation	32,089	32.4
Japan Trustee Services Bank, Ltd. (Trust account)	6,288	6.3
The Master Trust Bank of Japan, Ltd. (Trust account)	6,012	6.1
Marubeni Foods Investment Co., Ltd.	5,939	6.0
NTT DoCoMo, Inc.	2,092	2.1
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	1,646	1.7
The Nomura Trust & Banking Co., Ltd. (Investment trust account)	1,152	1.2
STATE STREET BANK AND TRUST COMPANY	1,002	1.0
STATE STREET BANK AND TRUST COMPANY 505103	992	1.0
The Sumitomo Trust & Banking Co., Ltd. (Trust account B)	946	1.0

Notes:

1. The number of shares held in the above table is based on the register of shareholders.
2. The equity position in the above table is calculated after deducting treasury stock.

2. Status of stock acquisition rights

(1) Stock Acquisition Rights Held by Corporate Officers of the Company as of February 29, 2008

	2nd Stock Acquisition Rights	3rd Stock Acquisition Rights	4th Stock Acquisition Rights	5th Stock Acquisition Rights
Number of option holders and the number of stock acquisition rights (units)				
Directors (Excluding outside directors)	2 persons (130 units)	2 persons (130 units)	3 persons (160 units)	1 person (112 units)
Outside directors	1 person (30 units)	2 persons (60 units)	3 persons (90 units)	3 persons (21 units)
Class of shares subject to stock acquisition rights	Common stock of LAWSON, INC.	Common stock of LAWSON, INC.	Common stock of LAWSON, INC.	Common stock of LAWSON, INC.
Number of shares subject to stock acquisition rights	16,000	19,000	25,000	13,300
Value of property invested in exercising stock acquisition rights (per share)	¥3,517	¥4,320	¥4,160	¥1
Exercisable period	July 3, 2005, through July 2, 2008	June 10, 2006, through June 9, 2009	October 12, 2007, through December 31, 2010	October 13, 2005, through May 31, 2025
Major exercise conditions	A person entitled to stock acquisition rights may apply to the Company to exercise his or her rights only when the stock price of the Company's common stock at the Tokyo Stock Exchange exceeds the amount of the above "Value of property invested in exercising stock acquisition rights (per share)" by 20% or more.	A person entitled to stock acquisition rights may apply to the Company to exercise his or her rights only when the stock price of the Company's common stock at the Tokyo Stock Exchange exceeds the amount of the above "Value of property invested in exercising stock acquisition rights (per share)" by 20% or more.	A person entitled to stock acquisition rights may apply to the Company to exercise his or her rights only when the stock price of the Company's common stock at the Tokyo Stock Exchange exceeds the amount of the above "Value of property invested in exercising stock acquisition rights (per share)" by 1.1 times or more.	A person entitled to stock acquisition rights may exercise his or her rights only for a period of five (5) years from the day following the date when he or she lost the director's position of the Company.

	6th (a) Stock Acquisition Rights	6th (b) Stock Acquisition Rights	7th (a) Stock Acquisition Rights
Number of option holders and the number of stock acquisition rights (units)			
Directors (Excluding outside directors) Outside directors	3 persons (137 units) 3 persons (18 units)	3 persons (180 units) 3 persons (90 units)	4 persons (162 units) 3 persons (18 units)
Class of shares subject to stock acquisition rights	Common stock of LAWSON, INC.	Common stock of LAWSON, INC.	Common stock of LAWSON, INC.
Number of shares subject to stock acquisition rights	15,500	27,000	18,000
Value of property invested in exercising stock acquisition rights (per share)	¥1	¥4,053	¥1
Exercisable period	October 27, 2006, through May 26, 2026	October 28, 2008, through October 26, 2011	September 6, 2007, through August 20, 2027
Major exercise conditions	A person entitled to stock acquisition rights may exercise the stock option for subscription only for a period of five (5) years from the day following the date when he or she lost both the director’s position and the executive officer’s position within the exercisable period of the stock acquisition rights above.	A person entitled to stock acquisition rights may exercise his or her stock option for subscription only when the closing price for ordinary transactions of the Company’s common stock at the Tokyo Stock Exchange on the day immediately preceding the exercise date (the closing price of the nearest preceding trading day if such closing price was not established on the preceding day) exceeds the amount of the above “Value of property invested in exercising stock acquisition rights (per share)” by 1.1 times or more (with a fraction below one (1) yen to be rounded up).	A person entitled to stock acquisition rights may exercise the stock option for subscription only for a period of five (5) years from the day following the date when he or she lost both the director’s position and the executive officer’s position within the exercisable period of the stock acquisition rights above.

(2) Stock Acquisition Rights Issued to Executive Officers of the Company During the Year

Date of resolution adopted by the Board of Directors	August 21, 2007
Number of persons to whom the stock acquisition rights were issued and the number of stock acquisition rights (units):	
Executive officers of the Company (Excluding those who concurrently serve as officers of the Company)	14 persons (450 units)
Class of shares subject to stock acquisition rights	Common stock of LAWSON, INC.
Number of shares subject to stock acquisition rights	45,000
Value of property invested in exercising stock acquisition rights (per share)	¥3,949
Exercisable period	September 7, 2009, through August 20, 2012
Major exercise conditions	A person entitled to stock acquisition rights may exercise his or her stock option for subscription only when the closing price for ordinary transactions of the Company's common stock at the Tokyo Stock Exchange on the day immediately preceding the exercise date (the closing price of the nearest preceding trading day if such closing price was not established on the preceding day) exceeds the amount of the above "Value of property invested in exercising stock acquisition rights (per share)" by 1.1 times or more (with a fraction below one (1) yen to be rounded up).

3. Directors and Corporate Auditors

(1) Positions, Names and Assignments

Position	Name	Postings, Assignments in the Company or Representative Positions in Other Companies
Representative Director	Takeshi Niinami	President and CEO
Director	Toru Moriyama	Senior Executive Vice President and General Manager; Merchandising & Logistics Division
Director	Yoshiyuki Yahagi	Executive Vice President and CFO, in charge of Corporate Planning Office and Human Resources Office; General Manager, Finance & Accounting Office and Management Services Office
Director	Manabu Asano	Senior Vice President and CCO, in charge of General Affairs and Internal Audit
Director	Hiroshi Tasaka	Professor, Graduate School of Tama University
Director	Reiko Yonezawa	President, The R Co., Ltd.
Director	Takehiko Kakiuchi	General Manager, Living Essentials Group CEO Office, Mitsubishi Corporation
Standing Corporate Auditor	Munehiko Nakano	
Standing Corporate Auditor	Kenji Yamakawa	
Corporate Auditor	Tetsuo Ozawa	Lawyer
Corporate Auditor	Hiroshi Kuwata	General Manager, Risk Management Department, Mitsubishi Corporation

Notes:

1. Directors Hiroshi Tasaka, Reiko Yonezawa and Takehiko Kakiuchi are outside directors as stipulated in Article 2, Item 15, of the Companies Act.
2. Standing Corporate Auditor Munehiko Nakano and Corporate Auditors Tetsuo Ozawa and Hiroshi Kuwata are outside corporate auditors as stipulated in Article 2, Item 16, of the Companies Act.
3. Standing Corporate Auditor Munehiko Nakano has assumed responsible posts for many years in the accounting and administration departments of Mitsubishi Corporation, thereby having considerable expertise in finance and accounting.
   Standing Corporate Auditor Kenji Yamakawa has assumed responsible posts for many years in the finance and accounting departments of the Company and other companies, thereby having considerable expertise in finance and accounting.
   Corporate Auditor Tetsuo Ozawa, lawyer, has practiced law and advised on legal matters and risk management mainly in relation with the legal affairs of companies, thereby having considerable expertise in finance and accounting.
   Corporate Auditor Hiroshi Kuwata has assumed posts for many years in the investment management and examination departments and risk management of Mitsubishi Corporation, thereby having considerable expertise in finance and accounting.
4. Changes in positions as approved with resolutions by the 32nd Ordinary General Meeting of Shareholders held on May 25, 2007, are as follows:

Appointment	Director	Yoshiyuki Yahagi
Resignation	Director	Eiichi Tanabe
	Director	Koji Furukawa

5. Executive officers who are not directors are as follows:

Senior Executive Vice President	Takatoshi Kawamura	Senior Vice President	Noriyuki Nobayashi
Executive Vice President	Yoichi Yokomizo	Senior Vice President	Hajime Nakai
Senior Vice President	Shigeru Niikura		
Senior Vice President	Katsuyuki Imada		
Senior Vice President	Norikazu Nishiguchi		
Senior Vice President	Shigeaki Kawahara		
Senior Vice President	Yoshio Shinozaki		
Senior Vice President	Takaki Mizuno		
Senior Vice President	Jun Miyazaki		

(2) Amounts of Remuneration, etc., Paid to Directors and Corporate Auditors

Category	Number of persons	Amount paid (¥Millions)
Directors	7	208
Corporate Auditors	4	65
Total	11	274

Notes:
1. As of February 29, 2008, the number of directors in office was seven and that of corporate auditors was four.
2. Of the above total, the remuneration to six outside officers (outside directors and outside corporate auditors) was ¥79 million.
3. The above amount paid figures include the portions corresponding to stock acquisition rights as stock options to directors and the reserve for retirement benefits to corporate auditors for the reporting year.

(3) Outside Directors and Outside Corporate Auditors

1) Hiroshi Tasaka (Director)

Positions concurrently held as an executive director, etc., of other corporations:
- President, SophiaBank Limited
- Director, SBI Holdings, Inc.
- Fellow, The Japan Research Institute, Limited

The Company has no business relationship with SophiaBank, in which Hiroshi Tasaka assumes the post of President; SBI Holdings, in which he assumes the post of Director; or The Japan Research Institute, Limited, in which he serves as a fellow.

Major activities during the year:
(Attendance at the Board of Directors meetings and opinions issued thereat)
He attended 11 of 15 Board meetings held during the year and appropriately questioned and/or remarked based on his abundant experience and knowledge as a learned person and a management executive.

2) Reiko Yonezawa (Director)

Positions concurrently held as an executive director, etc., of other corporations:
- President, The R Co., Ltd.

The Company and The R, in which Reiko Yonezawa assumes the post of President, have a business relationship with regard to operations related to the entrustment of reception services.

Positions concurrently held as an outside officer of other corporations:
- Outside director, Japan Post Holdings Co., Ltd.
- Outside director, Culture Convenience Club Co., Ltd.

Major activities during the year:
(Attendance at the Board of Directors meetings and opinions issued thereat)
She attended 12 of 15 Board meetings held during the year and appropriately questioned and/or remarked based on her abundant experience and knowledge as a management executive.

3) Takehiko Kakiuchi (Director)

Positions concurrently held as an executive director, etc., of other corporations:
- General Manager, Living Essentials Group CEO Office, Mitsubishi Corporation

The Company and Mitsubishi Corporation, in which he serves as employee and which is a large shareholder of the Company, have a business relationship under extensive business tie-up agreements.

Positions concurrently held as an outside officer of other corporations:

- Outside director, Kentucky Fried Chicken Japan, Ltd.
- Outside corporate auditor, Kadoya Sesame Mills Incorporated

Major activities during the year:
(Attendance at the Board of Directors meetings and opinions issued thereat)
He attended 14 of 15 Board meetings held during the year and appropriately questioned and/or remarked based on his deep knowledge about consumers' lifestyle.

4) Munehiko Nakano (Corporate Auditor)
Major activities during the year:
As a standing corporate auditor, he examined financial documents, and visited relevant establishments and business partners to examine business operations and financial positions thereof. Also, while he monitored and verified the execution of duties of directors and other personnel including those relating to the improvement of internal control systems, he is responsible for smooth operations of the Board of Corporate Auditors as Chairman of the Board of Corporate Auditors meetings.
(Attendance at the Board of Directors and the Board of Corporate Auditors meetings and opinions issued thereat)
He attended 15 of 15 Board of Directors meetings and 14 of 14 Board of Corporate Auditors meetings held during the year and appropriately questioned and/or remarked based on his abundant occupational experience in accounting and investment management.

5) Tetsuo Ozawa (Corporate Auditor)
Positions concurrently held as an outside officer of other corporations:
- Outside corporate auditor, Monex Beans Holdings, Inc.
- Outside corporate auditor, Monex Inc.
- Outside corporate auditor, CEMEDINE CO., LTD.

Major activities during the year:
(Attendance at the Board of Directors and the Board of Corporate Auditors meetings and opinions issued thereat)
He attended 15 of 15 Board of Directors meetings and 14 of 14 Board of Corporate Auditors meetings held during the year and appropriately questioned and/or remarked based on his abundant experience and knowledge as lawyer.

6) Hiroshi Kuwata (Corporate Auditor)
Positions concurrently held as an executive director, etc., of other corporations:
- General Manager, Risk Management Department, Mitsubishi Corporation

The Company and Mitsubishi Corporation, in which he serves as employee and which is a large shareholder of the Company, have a business relationship under extensive business tie-up agreements.
Major activities during the year:
(Attendance at the Board of Directors and the Board of Corporate Auditors meetings and opinions issued thereat)
He attended 13 of 15 Board of Directors meetings and 14 of 14 Board of Corporate Auditors meetings held during the year and appropriately questioned and/or remarked based on his abundant occupational experience in risk management.

(4) Outline of the Agreement to Limit Their Liability with Outside Directors and Outside Corporate Auditors
The Company has entered into an agreement with the outside directors and outside corporate auditors to limit their liability with regard to the damages outlined under Article 423, Paragraph 1, of the Companies Act, whereby their liability shall be, at a maximum, the total sum of the amounts set forth in the respective relevant items of Article 425, Paragraph 1, of the Companies Act.

4. Independent Auditor

(1) Designation of Independent Auditor

Deloitte Touche Tohmatsu

(2) Amounts of Remunerations, etc., to Be Paid to the Independent Auditor

1) The remuneration to be paid by the Company to the Independent Auditor: ¥48 million

2) Sum of money or other property benefits to be paid by the Company and its subsidiaries to the Independent Auditor: ¥78 million

Note: The audit agreement entered into by the Independent Auditor and the Company does not clearly distinguish the amount being derived from the audit under the Companies Act and that being derived from the audit under the Financial Instruments and Exchange Law, and the two amounts cannot be substantially distinguished from each other. Therefore, the amount in 1) above indicates the total of these two kinds of amounts.

(3) Non-Audit Services

The Company entrusts the following services, which do not come under the business set forth in Article 2, Paragraph 1, of the Certified Public Accountant Law (non-audit services), to the Independent Auditor:

1) Consulting on the disclosure of quarterly financial information;

2) Consulting on the preparation of documents translated into English for flash results reports and other various financial documents; and

3) Advice on and guidance in establishment of internal control.

(4) Policy on Decisions Concerning Dismissal or Non-Reappointment of the Independent Auditor

In case the Board of Directors determines it necessary to do so, including the case that any violation or infringement of the Companies Act, the Certified Public Accountant Law, and other laws and regulations by the Independent Auditor is revealed, the Board of Directors shall, upon consent of the Board of Corporate Auditor, submit a proposal for dismissal or non-reappointment of the Independent Auditor to a general meeting of shareholders. In addition, the Board of Corporate Auditors is allowed to dismiss the Independent Auditor concerned with a unanimous resolution if it determines that any act or circumstance of the Independent Auditor falls under any of the events listed in the items of Article 340, Paragraph 1, of the Companies Act.

III. SYSTEMS TO ENSURE COMPLIANCE OF THE DIRECTORS' EXECUTION OF DUTIES WITH LAWS AND REGULATIONS AND THE ARTICLES OF INCORPORATION, AS WELL AS OTHER SYSTEMS TO ENSURE THE PROPRIETY OF BUSINESS OPERATIONS

At the Board of Directors meeting held on February 19, 2008, based on the improved and operating circumstances of the preceding "2007 Basic Policy for Improvement of Internal Control Systems," which was resolved at the Board of Directors meeting held on February 20, 2007, the Company passed the resolution called the "2008 Basic Policy for Improvement of Internal Control Systems" as indicated below.

(1) Systems to Ensure Compliance of the Execution of Duties by Directors and Employees with Laws and Regulations and the Articles of Incorporation

1) The Board of Directors shall determine the improvement policies and plans for the internal control systems including those for compliance with laws, regulations and the like (hereinafter the "Compliance") and receive status reports thereof periodically.
2) The Board of Directors shall maintain and improve the supervising function regarding the execution of duties by the Directors by electing outside Directors on an ongoing basis.
3) The Corporate Auditors shall independently audit the execution of duties by the Directors, including the status concerning the improvement of the internal control systems.
4) The Internal Audit Department, which is independent from the business-executing bodies, shall audit the status concerning the improvement of the internal control systems, and recommend improvements thereof, as required.
5) The Board of Directors shall maintain and raise the awareness of officers and employees to the Compliance by thoroughly disseminating the LAWSON Group Code of Conduct and the LAWSON Ethical Mission Statement with such measures including, but not limited to, appointing the Chief Compliance Officer (CCO), staffing the personnel in charge of the Compliance, streamlining the rules in relation to the Compliance and providing periodic training on ethics.
6) The Legal Affairs Department shall be reinforced to fortify foundations to comply with legal requirements by identifying the laws and regulations applicable to the Company's businesses and clarifying the content thereof to the relevant departments and sections.
7) The Company shall establish and upgrade the reporting and consulting systems (internal and outside consulting organs and a group-wide lateral consulting organization) in which informants shall be fully protected in a secure manner.
8) The Company shall never get involved with antisocial forces or bodies that threaten the order and security of private society, and shall take a firm stance on unjustified demand in cooperation with lawyers, the police and the like.

(2) Systems to Preserve and Manage Information Pertaining to the Execution of Duties by Directors

1) The Company shall establish and maintain its information handling system to record, preserve and manage any information in relation to the decision making at important meetings such as those of the Board of Directors and the Management Council, and the authorizing documents including those for the President's approval, as well as financial, clerical and risk-compliance-related information (including information contained in electromagnetic media). Moreover, the Company shall put in place a system allowing the relevant parties to inspect the above information.
2) The Company shall manage and monitor its information systems in a secure manner, in combination with the maintenance thereof utilizing the appropriate contingency actions.
3) The Company shall establish and maintain rules regarding the management of various documents (including electromagnetic media for recording), keep everyone informed about the responsibility for and authority over document management, document preservation periods and management methods, and periodically monitor the status of preservation and management of documents.

(3) Rules and Other Systems Regarding Risk Management

1) The Company shall identify risks that might have adverse effects on the Company's management in connection with its business purposes, analyze the probability and degree of such risk factors, and evaluate whether intensive countermeasures should be taken, as well as improving rules related to the risk management and group-wide, lateral and preliminary risk-prevention system during peacetime.
2) To ensure the effectiveness of its risk management, the Company shall establish a professional committee ("Compliance & Risk Management Committee"), which authority, responsibility and the chairperson are

clarified. Furthermore, the Company shall endeavor to increase the awareness about the risk management by assigning the necessary risk management staff to each department/section and associated company and conducting the risk management education training.

3) The Company shall develop the contingency systems and the formation policy of contingency-responsive organs in advance to prepare for the occurrence or possible occurrence of unanticipated situations or events, which might have adverse effects on the management of the Company, in order to smoothly cope with an actual occurrence thereof and take effective recurrence preventive measures.

(4) Systems to Ensure the Efficient Execution of Duties by Directors

1) The Company shall clarify the functional authority and responsibility of the respective Directors and employees for decision making and more appropriate execution of business affairs. The Company shall also improve the rules on segregation of duties to ensure and encourage more appropriate allocation of roles and collaboration among organizations.
2) The Company shall promote raising operational efficiency via the streamlining of operations, organizational downsizing and the appropriate use of IT.
3) In order to promote proper transmission of information and communications between officers and employees, the Company shall improve the mechanism in which management guidelines and this policy are communicated to employees by corporate officers, whereas the important field information is appropriately transmitted from employees to corporate officers at the proper timing.

(5) Systems to Ensure the Propriety of Business Operations Conducted by the Corporate Group Consisting of the Company and Its Subsidiaries

1) The Company shall endeavor to maintain and enhance the LAWSON brand through close collaboration with the subsidiaries and affiliated companies (hereinafter referred to as the "Associated Companies"). However, with regards to the affiliated companies, we endeavor to carry out the establishment and operation thereof by means of phased implementation and the like by taking into account such factors including, but not limited to, the relations with other leading shareholders, difference in laws, regulations and business customs and the like of foreign countries.
2) While respecting the independence of the Associated Companies, in view of the purpose of the Company's equity participation in associated companies, the Company shall endeavor to streamline the codes at the LAWSON Group level such as basic policies for the management of the Associated Companies and management policies thereof to ensure the appropriateness of the group-wide business operations.
3) Internal Audit Department shall cooperate to audit the status of establishment of internal control systems at Associated Companies, and encourage them in promoting their improvement based on the results of audit.

(6) Employees in Cases Where a Corporate Auditor Requests That the Company Dispatch Several Employees as Assistants to Support His/Her Duties

1) The Company shall assign appropriate personnel to the Auditors' Office as employees exclusively assisting the Corporate Auditors in the execution of their duties therein (hereinafter the "Corporate Auditor's Staff").
2) A Corporate Auditor's Staff may serve concurrently as Corporate Auditors of any of the Associated Companies.
3) A Corporate Auditor's Staff shall have authority to conduct investigations necessary for audit by the Corporate Auditors following the instructions of the Corporate Auditors.
4) The Legal Affairs, Risk Management and Finance and Accounting departments of the Company shall assist the Corporate Auditors to conduct necessary surveys for audits when requested by any Corporate Auditor.

(7) Independence of the Employees from Directors in the Preceding Item

The merit rating of the Corporate Auditor's Staff shall be made by the standing Corporate Auditors to carry out their duties appropriately. Their personnel changes shall require the prior consent of the standing Corporate Auditors.

(8) Systems For Directors and Employees to Report to the Corporate Auditors and Other Systems Relating to Reporting to the Corporate Auditors

1) The Directors and employees of the Company shall report important matters for corporate management and business administration, as well as the status and results of the execution of their duties, to Corporate Auditors in order for the effective execution of the duties by the Corporate Auditors. Such important matters include such compliance- and risk-related issues and other matters relating to internal control.

2) In case that the Board of Directors becomes aware of any fact or event, which will likely cause the Company to suffer significant damage or loss, it shall immediately inform thereof to the Board of Corporate Auditors.
3) Reporting to the Board of Corporate Auditors shall be basically conducted in good faith without fail, and shall be promptly conducted if required apart from the periodic reports.

(9) Other Systems to Ensure Effective Audits by the Corporate Auditors
1) The Representative Directors and the Corporate Auditors shall have regular meetings to enhance smooth communications with each other.
2) The Directors shall cooperate with the Corporate Auditors so that the Corporate Auditors can perform their duties appropriately, with regards to the exchange of communications, the collection and exchange of information and so on between the Corporate Auditors of the Company and the corporate directors and the like of the Associated Companies.
3) The Directors shall also cooperate in conducting surveys about significant business partners, whom the Corporate Auditors deems necessary.
4) The Directors shall arrange for such environment in which the Corporate Auditors can collaborate with outside experts, including, but not limited to, lawyers and certified public accountants, if any Corporate Auditor deems it necessary in executing his/her duties.

The above amounts and the number of shares in this Business Report are truncated below the unit and the ratios are rounded to the nearest whole number.

Consolidated Balance Sheet (As of February 29, 2008)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets	138,250	Current liabilities	155,979
Cash and bank deposits	62,126	Accounts payable —trade	65,587
Accounts receivable—due from franchised stores	11,949	Accounts payable— due to franchised stores	2,201
Marketable securities	4,199	Accounts payable—other	13,326
Merchandise inventories	1,723	Income taxes payable	11,427
Prepaid expenses	5,804	Deposits received	56,294
Short-term loans receivable	20,000	Accrued employees' bonuses	2,663
Accounts receivable—other	26,983	Provision for use of points granted	797
Deferred tax assets	3,632	Other	3,681
Other	1,932	Long-term liabilities	52,554
Allowance for doubtful accounts	(102)	Allowance for employees' retirement benefits	4,174
Fixed assets	258,856	Allowance for retirement benefits to executive officers and corporate auditors	182
Property and store equipment	106,431	Deposits received from franchisees and lessees	45,831
Buildings and structures	85,914	Allowance for impairment loss on leased property	314
Furniture, fixtures and equipment	13,724	Other	2,052
Land	5,844	Total liabilities	208,534
Construction in progress	948	Net assets	
Intangible assets	18,287	Owners' equity	185,579
Software	10,284	Common stock	58,506
Software development in progress	6,657	Capital surplus	41,520
Goodwill	902	Retained earnings	87,390
Other	443	Treasury stock	(1,837)
Investments and other	134,137	Valuation and translation adjustments	(408)
Investments in securities	7,607	Net unrealized gain on available-for-sale securities	134
Long-term loans receivable	25,646	Deferred gain (loss) on derivatives under hedge accounting	(1)
Long-term prepaid expenses	4,158	Land revaluation difference	(682)
Lease deposits	82,754	Foreign currency translation adjustments	140
Deferred tax assets	12,809	Stock acquisition rights	159
Deferred tax assets for land revaluation	467	Minority interests	3,242
Other	3,095	Total net assets	188,573
Allowance for doubtful accounts	(2,403)		
Total Assets	397,107	Total Liabilities, and total net assets	397,107

Consolidated Statement of Income
(From March 1, 2007 to February 29, 2008)

(Millions of yen)

Account item	Amount	
Operating revenues		
Franchise commissions from franchised stores	177,443	
Other	39,467	216,910
Net sales		
Net sales	(84,266)	84,266
Total operating revenues		301,176
Cost of goods sold	(61,176)	61,176
Gross profit on sales	(23,089)	
Operating gross profit		239,999
Selling, general and administrative expenses		193,389
Operating income		46,610
Non-operating income		
Interest received	928	
Other	866	1,795
Non-operating expenses		
Loss on cancellation of store lease contract	1,686	
Equity in losses of affiliated companies	200	
Other	273	2,160
Ordinary profit		46,244
Special losses		
Loss on disposal of fixed assets	5,010	
Loss on impairment of long-lived assets	2,449	
Other	648	8,109
Income before income taxes and minority interests		38,134
Income taxes －current	17,493	
Income taxes – deferred	(1,971)	15,522
Minority interests in net income		493
Net income		22,119

Consolidated Statement of Changes in Net Assets
(From March 1, 2007 to February 29, 2008)

(Millions of yen)

	Owners' equity					Valuation and translation adjustments							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total owners' equity	Net unrealized gain on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation difference	Foreign currency translation adjustments	Total valuation and translation adjustments	Stock acquisition rights	Minority interests	Total net assets
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
Changes of items during the period													
Dividends from surplus			(10,964)		(10,964)								(10,964)
Net income			22,119		22,119								22,119
Purchase of treasury stock – at cost				(21,000)	(21,000)								(21,000)
Retirement of treasury stock		(709)	(19,108)	19,818	-								-
Exercise of stock acquisition rights (treasury stock allotment)		(24)		83	59								59
Net changes of items other than owners' equity – net						(185)	(1)		5	(180)	81	(1,034)	(1,133)
Total changes of items during the period	-	(733)	(7,953)	(1,098)	(9,786)	(185)	(1)	-	5	(180)	81	(1,034)	(10,920)
Balance at the end of the current period	58,506	41,520	87,390	(1,837)	185,579	134	(1)	(682)	140	(408)	159	3,242	188,573

(Notes to the Consolidated Financial Statement)

1. Scope of consolidation

Consolidated subsidiaries: 5

(Domestic) LAWSON TICKET, INC.
i-Convenience, Inc
LAWSON ATM Networks, Inc
BestPractice Inc.
VALUE LAWSON, Inc

On February 21, 2008, the liquidation of NATURAL LAWSON, INC. was completed and the company stopped being counted as a consolidated subsidiary. The company was accounted for as a consolidated subsidiary in the consolidated statements of income until the liquidation was completed.

2. Application of the equity method

(1)Affiliated companies to which the equity method is applied: 4

(Domestic) LAWSON CS Card, Inc.
Ninety-nine Plus Inc.
naturalBeat Co., LTD

(Foreign) SHANGHAI HUALIAN LAWSON CO., LTD.

Ninety-nine Plus Inc. became an affiliate of the Company accounted for by the equity method after its capital increased through third party allocation on March 16, 2007.

(2) Special notes concerning procedures for application of the equity method:

Among equity method application companies, the closing dates are December 31 for SHANGHAI HUALIAN LAWSON CO., LTD.. , and March 31 for Ninety-nine Plus Inc. and naturalBeat Co., Ltd., respectively. When preparing the consolidated financial statements, the Company used these companies' financial information prepared based on the financial data at the end of the most recently fiscal quarter and, as required, made certain adjustments for significant transactions that subsequently occurred in the intervening period until the end of the consolidation fiscal year.

3. Fiscal year end of the consolidated subsidiaries

The fiscal year end of all consolidated subsidiaries is the same as the Company's fiscal year end.

4. Summary of Significant Accounting Policies

(1) Valuation basis and method for important assets

Marketable securities and investments in securities:

Held-to-maturity debt securities: Carried at amortized cost (Straight – line method).

Available-for-sale securities:

Securities whose market value is readily determinable: Recorded at the market value with net unrealized gains and losses as a separate component of net assets. The cost of securities sold is determined based on the moving-average method.

Other: Stated at cost determined by the moving-average method.

Inventories:

Merchandise inventories: Principally, retail method applied on an annual average cost basis.

(2) Depreciation

Property and store equipment:

Depreciation is computed using the declining-balance method at rates based on estimated useful lives of the assets. The ranges of useful lives are from 10 to 34 years for buildings and structures and from 5 to 8 years for furniture, fixtures and equipment.

Intangible assets:

Amortization of intangible assets is computed by the straight-line method.

Costs of software for internal use are amortized by the straight-line method over 5 years, which is the internal useful life.

Long-term prepaid expenses:

Amortization of long-term prepaid expenses is computed by the straight-line method.

(3) Accounting policies for important reserves

Allowance for Doubtful Accounts:

Allowance for doubtful accounts is provided at an amount of possible losses from uncollectible receivables based on the actual rate of losses from bad debt for ordinary receivables, and on estimated recoverability for specific doubtful receivables.

Accrued Employees' Bonuses:

Accrued employees' bonuses are provided for payments of employees' bonuses based on the estimated amounts.

Provision for use of points granted:

The Company provides LAWSON PASS holders and MY LAWSON POINT holders when purchasing goods, an entitlement to certain points that the holder can redeem for a discount on subsequent purchases from LAWSON stores.

Allowance for Employees' Retirement Benefits:

Allowance for employees' retirement benefits are provided at the amount calculated based on the projected benefit obligations and plan assets at the balance sheet date. Actuarial differences are amortized from the following fiscal year on a straight-line basis over a certain period (10 years) within an average remaining service period of employees at the time of their occurrence. Prior service cost is amortized, starting with the fiscal year incurred, on a straight-line basis over a certain period (10 years) within an average remaining service period of employees.

Allowance for Retirement Benefits to Executive officers and Corporate Auditors:

Allowance for retirement benefits to corporate auditors and executive officers of The Company, and to directors and corporate auditors of the certain consolidated subsidiary are calculated to state the liability at 100% of the amount that would be required if all corporate auditors, executive officers and directors resigned their services with the Company at the balance sheet date.

(4) Foreign Currency Translation and Foreign Currency Financial Statements

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income. The balance sheet accounts as well as revenue and expense accounts of foreign affiliated companies are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at the historical rate. Differences arising from such translation are shown as "foreign currency translation adjustments" in a separate component of Net assets.

(5) Leases

Finance leases that do not transfer ownership of leased property to the lessee are accounted for as rental transactions.

(6) Accounting for Consumption Tax

Consumption tax is excluded from income and expense.

5. Valuation of assets and liabilities of consolidated subsidiaries

The assets and liabilities of consolidated subsidiaries, including the portion attributable to minority interests, are valued at their fair values at the respective dates when the subsidiaries were initially consolidated.

6. Amortization of Goodwill

Goodwill, or goodwill equivalent in the case of affiliates accounted for by the equity method, is amortized on a straight-line basis over relevant years, depending on the reason for the occurrence of goodwill with maximum of 20 years.

(Change in significant accounting policy)

Change in accounting policy for depreciation method of property and store equipment:
Effective the consolidated accounting period under review, in accordance with the revision to the Corporation Tax Law ([Act No. 6 of March 30, 2007—Partial Revision to Income Tax Law Etc.] and [Cabinet Order No. 83 of March 30, 2007—Cabinet Order Concerning Revision of Part of Corporation Tax Law Enforcement Order]), depreciation of property and store equipment(except Buildings) acquired on or after April 1, 2007 shall be subject to the accounting method based on the revised Corporation Tax Law.
Because of the application of the aforesaid revision to the Corporation Tax Law, operating income, ordinary profit and income before income taxes and minority interests for the consolidated accounting period under review have each been decreased by ¥320 million.

(Notes to the Consolidated Balance Sheet)

1. Accumulated depreciation of property and store equipment: ¥ 114,321 million

2. Contingent liabilities

Guarantee for bank loan borrowed by LAWSON CS Card, Inc., the affiliated company

¥ 1,650 million

3. Revaluation of land used for business

Land used for business was revalued on the basis prescribed by the Law Concerning Revaluation of Land (Law No. 34, March 31, 1998). The revaluation difference resulted has been included in net assets, as land revaluation difference, net of the related tax which is included in deferred tax assets for land revaluation.

Revaluation method: The value of land is determined based on the road-based prices adjusted reasonably as stipulated in Article 2, Item 4 of the Ordinance Implementing the Law Concerning Revaluation of Land (Government Ordinance No. 119, March 31, 1998) and the assessed value as stipulated in Article 2, Item 5 of the same Ordinance.

Date of revaluation: February 28, 2002

The difference between book value and market value of the revalued land as of the balance sheet date was ¥ 298 million.

(Notes to the Consolidated Statement of Income)

1. Long-lived assets

The Group recognized an impairment loss mainly for each store with the smallest cash generating unit.

The Group recognized an impairment loss on the following assets that declined in value due mainly to continuous operating losses. The carrying amount, of those assets were written down to the recoverable amount and were recorded in special losses.

Category by use	Location	Assets	Millions of yen
Stores	Tokyo	Buildings and structures・Furniture, fixtures and equipment and others	130
	Osaka	〃	427
	Others	〃	1,891
Total	—	—	2,449

Category by fixed assets	(Millions of yen)
Buildings and structures	1,772
Furniture, fixtures and equipment	235
Leased property	425
Other	16

Recoverable value of the impaired assets is calculated based on the net selling price or value in use. The net selling price of land was calculated based on the appraised value by the real estate appraiser or expected contract price, and the value in use was calculated by discounting estimated future cash flows to which the 6.8% discount rate was applied.

(Notes to the Consolidated Statement of Changes in Net assets)

1. Number of shares of outstanding stock and treasury stock.

	Number of shares at the end of previous period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Outstanding stock				
Common stock	104,600	—	5,000	99,600
Treasury stock				
Common stock	186	5,297	5,021	463

Note 1.The 5,000 thousand shares decrease in outstanding stock resulted from the retirement of treasury stock.
2. The 5,297 thousand shares increase in treasury stock resulted from a 5,297 thousand shares increase due to treasury stock acquisition by resolution of a Board of Directors Meeting and a 0 thousand share increase due to the purchase of stock less than a unit share.
3. The 5,021 thousand shares decrease in treasury stock resulted from a 5,000 thousand shares decrease due to retirement of treasury stock and a 21 thousand shares decrease due to the exercise of stock options.

2. Dividend

(1) Dividend payment

Date of resolution	Class of shares	Amount of dividend payment (Millions of yen)	Dividend per share (yen)	Date attributable to dividend	Effective date
The General meeting of shareholders (May 25, 2007)	Common stock	5,220	50	As of February, 28, 2007	As of May, 28, 2007
Directors' meeting (October 10, 2007)	Common stock	5,743	55	As of August 31, 2007	As of November, 9, 2007

(2) Dividends for which the effective date is after the year - end Balance sheet date, while dividends attributed in this period.

Date of resolution	Class of shares	Reserve of Dividend	Amount of dividend payment (Millions of yen)	Dividend per share (yen)	Date attributable to dividend	Effective date
The General meeting of shareholders (May 23, 2008)	Common stock	Retained Earnings	5,452	55	As of February, 29, 2008	As of May, 26, 2008

3. Kind and number of stock which can be exercised by outstanding stock acquisition rights (excluding those before exercisable period).

Common stock 310,900 shares

(Accounting for income taxes)

Components of deferred tax assets and liabilities were described as follows:

		(Millions of yen)
Enterprise taxes payable	¥	954
Accrued employees' bonuses		1,083
Excess of depreciation		4,218
Excess of amortization of software		687
Allowance for employees' retirement benefits		3,963
Allowance for doubtful accounts		1,102
Impairment loss		1,617
Tax loss carryforward		1,615
Loss on replacement of computer system		896
Other		2,015
Subtotal of deferred tax assets	¥	18,154
Less valuation allowances		(1,620)
Total deferred tax assets		16,534
Net unrealized gain on available-for-sale securities	¥	(92)
Total deferred tax liabilities		(92)
Deferred tax assets-net	¥	16,442

(Accounting for retirement benefits)

Summary of the retirement benefit plans:

The Company and a certain domestic subsidiary have defined benefit lump - sum severance indemnity plans which cover substantially all of their employees. The Company established a trust fund for its lump - sum severance indemnity plan.

In addition, the Company has a defined contribution plan for severance payments.

Projected benefit obligations

	(Millions of yen)
a. Projected benefit obligations	(11,222)
b. Plan assets	5,566
c. Projected benefit obligations in excess of plan assets (= a + b)	(5,656)
d. Unrecognized prior service cost	1,054
e. Unrecognized actuarial differences	427
f. Allowance for employees' retirement benefits (=c + d + e)	(4,174)

Net periodic benefit cost

		(Millions of yen)
a. Service cost	¥	1,137
b. Interest cost		212
c. Amortization of prior service cost		175
d. Amortization of actuarial differences		89
e. Net periodic benefit cost (= a + b +c + d)	¥	1,614
f. Contribution to defined contribution plan		249
g. Total (= e + f)		1,863

Note: Net periodic benefit cost in the consolidated subsidiary, which adopted the simplified method, are included in "a. Service cost."

Basis of calculation of projected benefit obligations

a. Discount rate	2.0%
b. Expected rate of return on plan assets	0%
c. Allocation method of estimated total retirement benefits	Straight-line basis (a method to allocate estimated total retirement benefits equally to respective periods in employee’s whole service period)

(Per Share data)

1. Net assets per share	1,867.84	yen
2. Net income per share	214.69	yen

Non-consolidated Balance Sheet (As of February 29, 2008)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets	124,358	Current liabilities	146,195
Cash and bank deposits	51,450	Accounts payable —trade	64,747
Accounts receivable—due from franchised stores	11,949	Accounts payable— due to franchised stores	2,201
Marketable securities	2,000	Accounts payable—other	11,636
Merchandise inventories	1,432	Income taxes payable	11,014
Prepaid expenses	5,716	Consumption taxes payable	1,360
Short-term loans receivable	22,400	Accrued expenses	1,902
Accounts receivable—other	24,187	Deposits received	49,908
Deferred tax assets	3,545	Accrued employees' bonuses	2,552
Other	1,778	Provision for use of points granted	792
Allowance for doubtful accounts	(102)	Other	80
Fixed assets	260,976	Long-term liabilities	51,993
Property and store equipment	105,616	Allowance for employees' retirement benefits	4,104
Buildings	72,519	Allowance for retirement benefits to executive officers and corporate auditors	140
Structures	12,926	Deposits received from franchisees and lessees	45,809
Furniture, fixtures and equipment	13,377	Allowance for impairment loss on leased property	314
Land	5,844	Other	1,623
Construction in progress	948	Total liabilities	198,188
Intangible assets	16,042	Net assets	
Software	8,582	Owners' equity	187,534
Software development in progress	6,649	Common stock	58,506
Goodwill	383	Capital surplus	41,520
Other	426	Additional paid-in capital	41,520
Investments and other	139,316		
Investments in securities	525	Retained earnings	89,345
Investments in subsidiaries and affiliated company	12,256	Legal reserve	727
Investments in affiliated limited private company	438	Other retained earnings	
Long-term loans receivable	25,646	General reserve	50,000
Long-term prepaid expenses	3,730	Earned surplus brought forward	38,618
Lease deposits	82,467	Treasury stock	(1,837)
Deferred tax assets	14,125	Valuation and translation adjustments	(548)
Deferred tax assets for land revaluation	467	Net unrealized gain on available-for-sale securities	133
Other	2,061	Land revaluation difference	(682)
Allowance for doubtful accounts	(2,403)	Stock acquisition rights	159
		Total net assets	187,146
Total Assets	385,335	Total Liabilities, and total net assets	385,335

Non-consolidated Statement of Income
(From March 1, 2007 to February 29, 2008)

(Millions of yen)

Account item	Amount	
Operating revenues		
Franchise commissions from franchised stores	177,443	
Other	21,137	198,580
Net sales		
Net sales	(71,001)	71,001
Total operating revenues		269,582
Cost of goods sold	(50,746)	50,746
Gross profit on sales	(20,254)	
Operating gross profit		218,835
Selling, general and administrative expenses		173,500
Operating income		45,334
Non-operating income		
Interest and dividend income	1,037	
Other	826	1,864
Non-operating expenses		
Loss on cancellation of store lease contract	1,651	
Other	248	1,900
Ordinary profit		45,298
Special losses		
Loss on disposal of fixed assets	4,989	
Loss on write-down of investment in affiliated company	3,422	
Loss on impairment of long-lived assets	2,449	
Loss on liquidation of investment in subsidiary	1,611	
Other	569	13,042
Income before income taxes		32,256
Income taxes - current	16,779	
Income taxes - deferred	(3,422)	13,357
Net income		18,899

Non-consolidated Statement of Changes in Net Assets
(From March 1, 2007 to February 29, 2008)

(Millions of yen)

	Owners' equity									
		Capital surplus			Retained earnings					
						Other retained earnings				
	Common stock	Additional paid-in capital	Other capital surplus	Total capital surplus	Legal reserve	General reserve	Earned surplus brought forward	Total retained earnings	Treasury stock	Total owners' equity
Balance at the end of previous period	58,506	41,520	733	42,253	727	50,000	49,792	100,519	(738)	200,541
Changes of items during the period										
Dividends from surplus							(10,964)	(10,964)		(10,964)
Net income							18,899	18,899		18,899
Purchase of treasury stock – at cost									(21,000)	(21,000)
Retirement of treasury stock			(709)	(709)			(19,108)	(19,108)	19,818	-
Exercise of stock acquisition rights (treasury stock allotment)			(24)	(24)					83	59
Net changes of items other than owners' equity – net										
Total changes of items during the period	-	-	(733)	(733)	-	-	(11,173)	(11,173)	(1,098)	(13,006)
Balance at the end of the current period	58,506	41,520	-	41,520	727	50,000	38,618	89,345	(1,837)	187,534

	Valuation and translation adjustments			Stock acquisition rights	Total net assets
	Net unrealized gain on available-for-sale securities	Land revaluation difference	Total valuation and translation adjustments		
Balance at the end of previous period	319	(682)	(362)	78	200,257
Changes of during the period					
Dividends from surplus					(10,964)
Net income					18,899
Purchase of treasury stock – at cost					(21,000)
Retirement of treasury stock					-
Exercise of stock acquisition rights (treasury stock allotment)					59
Net changes of items other than owners' equity – net	(185)		(185)	81	(104)
Total changes of items during the period	(185)	-	(185)	81	(13,111)
Balance at the end of the current period	133	(682)	(548)	159	187,146

(Notes to the Non-consolidated Financial Statement)

1. Valuation of Securities

Held-to-maturity debt securities: Carried at amortized cost. (Straight-line method)

Available-for-sale securities:

Securities whose market value is readily determinable: Recorded at the market value with net unrealized gains and losses as a separate component of net assets. The cost of securities sold is determined based on the moving-average method.

Other: Stated at cost determined by the moving-average method.

Investments in subsidiaries and affiliated companies: Stated at cost determined by the moving-average method.

2. Valuation of Inventories

Merchandise inventories: Retail method applied on an annual average cost basis.

3. Depreciation

Property and store equipment:

Depreciation is computed using the declining-balance method at rates based on estimated useful lives of the assets. The ranges of useful lives are from 10 to 34 years for buildings and from 5 to 8 years for furniture, fixtures and equipment.

Intangible assets:

Amortization of intangible assets is computed by the straight-line method.

Costs of software for internal use are amortized by the straight-line method over 5 years, which is the internal useful life.

Long-term prepaid expenses:

Amortization of long-term prepaid expenses is computed by the straight-line method

4. Accounting policies for important reserves

Allowance for Doubtful Accounts:

Allowance for doubtful accounts is provided at an amount of possible losses from uncollectable receivables based on the actual rate of losses from bad debt for ordinary receivables, and on estimated recoverability for specific doubtful receivables.

Accrued Employees' Bonuses:

Accrued employees' bonuses are provided for payments of employees' bonuses based on the estimated amounts.

Provision for use of points granted:

The Company provides LAWSON PASS holders and MY LAWSON POINT holders when purchasing goods, an entitlement to certain points that the holder can redeem for a discount on subsequent purchases from LAWSON stores.

Allowance for Employees' Retirement Benefits:

Allowance for employees' retirement benefits are provided at the amount calculated based on the projected benefit obligations and plan assets at the balance sheet date. Actuarial differences are amortized from the following fiscal year on a straight-line basis over a certain period (10 years) within an average remaining service period of employees at the time of their occurrence. Prior service cost is amortized, starting with the fiscal year incurred, on a straight-line basis over a certain period (10 years) within an average remaining service period of employees.

Allowance for Retirement Benefits to Executive officers and Corporate Auditors:

Allowance for retirement benefits to corporate auditors and executive officers of the Company is calculated to state the liability at 100% of the amount that would be required if all corporate auditors, executive officers resigned their services with the Company at the balance sheet date.

5. Leases
Finance leases that do not transfer ownership of leased property to the lessee are accounted for as rental transactions.

6. Accounting for consumption tax
Consumption tax is excluded from income and expense.

(Change in significant accounting policy)

Change in accounting policy for depreciation method of property and store equipment:
Effective the non-consolidated accounting period under review, in accordance with the revision to the Corporation Tax Law ([Act No. 6 of March 30, 2007—Partial Revision to Income Tax Law Etc.] and [Cabinet Order No. 83 of March 30, 2007—Cabinet Order Concerning Revision of Part of Corporation Tax Law Enforcement Order]), depreciation of property and store equipment (except Buildings) acquired on or after April 1, 2007 shall be subject to the accounting method based on the revised Corporation Tax Law.
Because of the application of the aforesaid revision to the Corporation Tax Law, operating income, ordinary profit and income before income taxes for the non-consolidated accounting period under review have each been decreased by ¥ 313million.

(Notes to the Non-consolidated Balance Sheet)

1. Accumulated depreciation of property and store equipment: ¥ 113,904 million

2. Contingent liabilities
Guarantee for bank loan borrowed by LAWSON CS Card, Inc., the affiliated company
¥ 1,650 million

3. Due from / to subsidiaries and affiliated companies

Short-term receivables due from subsidiaries and affiliated companies	¥	23,499	million
Long-term receivables due from subsidiaries and affiliated companies	¥	11	million
Short-term payables due to subsidiaries and affiliated companies	¥	2,615	million
Long-term payables due to subsidiaries and affiliated companies	¥	40	million

4. Revaluation of land used for business
Land used for business was revalued on the basis prescribed by the Law Concerning Revaluation of Land (Law No. 34, March 31, 1998). The revaluation difference resulted has been included in net assets, as land revaluation difference, net of the related tax which is included in deferred tax assets for land revaluation.

Revaluation method: The value of land is determined based on the road-based prices adjusted reasonably as stipulated in Article 2, Item 4 of the Ordinance Implementing the Law Concerning Revaluation of Land (Government Ordinance No. 119, March 31, 1998) and the assessed value as stipulated in Article 2, Item 5 of the same Ordinance.
Date of revaluation: February 28, 2002

The difference between book value and market value of the revalued land as of balance the sheet date was ¥298 million.

(Notes to the Non-consolidated Statement of Income)

1. Transactions with subsidiaries and affiliated companies

Operating transactions

Operating revenues	¥	2,095	million
Selling, general and administrative expenses	¥	3,640	million
Transactions other than operating transactions:	¥	1,806	million

2. Long-lived assets

The Company recognized an impairment loss mainly for each store with the smallest cash generating unit.

The Company recognized an impairment loss on the following assets that declined in value due mainly to continuous operating losses. The carrying amounts, of those assets were written down to the recoverable amount and were recorded in special losses.

Category by use	Location	Assets	Millions of yen
Stores	Tokyo	Buildings・Furniture, fixtures and equipment and others	130
	Osaka	〃	427
	Others	〃	1,891
Total	—	—	2,449

Category by fixed assets	(Millions of yen)
Buildings	1,512
Structures	259
Furniture, fixtures and equipment	235
Leased property	425
Other	16

Recoverable value of the impaired assets is calculated based on the net selling price or value in use. The net selling price of land was calculated based on the appraised value by the real estate appraiser or expected contract price, and the value in use was calculated by discounting estimated future cash flows to which the 6.8% discount rate was applied.

3. Loss on liquidation of subsidiary

This loss was a result of the liquidation of NATURAL LAWSON, Inc., a consolidated subsidiary of the Company. The breakdown of Loss on liquidation of subsidiary is as follows:

	(Millions of yen)
Loss on retirement of equity in subsidiary	104
Loss on loans receivable	1,506
Total	1,611

(Notes to the Non-consolidated Statement of Changes in Net assets)

Number of shares and kind of treasury stock

Common stock 463,629 shares

(Accounting for Income taxes)

Components of deferred tax assets and liabilities were described as follows:

(Millions of yen)

Enterprise taxes payable	¥	912
Accrued employees' bonuses		1,038
Loss on write-down of investments in affiliated companies		2,055
Excess of depreciation		4,189
Excess of amortization of software		685
Allowance for employees' retirement benefits		3,935
Allowance for doubtful accounts		1,102
Impairment loss		1,617
Loss on replacement of computer system		896
Other		1,940
Subtotal of deferred tax assets	¥	18,373
Less valuation allowances		(610)
Total deferred tax assets		17,762
Net unrealized gain on available-for-sale securities	¥	(91)
Total deferred tax liabilities		(91)
Deferred tax assets-net	¥	17,670

(Accounting for retirement benefits)

Summary of the retirement benefit plans:
The Company has defined benefit lump - sum severance indemnity plans which cover substantially all of their employees. The Company established a trust fund for its lump - sum severance indemnity plan.
In addition, the Company has a defined contribution plan for severance payments.

Projected benefit obligations	(Millions of yen)
a. Projected benefit obligations	(11,152)
b. Plan assets	5,566
c. Projected benefit obligations in excess of plan assets (= a + b)	(5,586)
d. Unrecognized prior service cost	1,054
e. Unrecognized actuarial differences	427
f. Allowance for employees' retirement benefits (= c + d + e)	(4,104)

Net periodic benefit cost	(Millions of yen)
a. Service cost	¥ 1,088
b. Interest cost	212
c. Amortization of prior service cost	175
d. Amortization of actuarial differences	89
e. Net periodic benefit cost (= a + b + c + d)	¥ 1,565
f. Contribution to defined contribution plan	249
g. Total (= e + f)	1,814

Basis of calculation of projected benefit obligations

a. Discount rate	2.0%
b. Expected rate of return on plan assets	0%
c. Allocation method of estimated total retirement benefits	Straight-line basis (a method to allocate estimated total retirement benefits equally to respective periods in employee's whole service period)

(Leases)

Finance lease contracts other than those by which the ownership of the leased property is to be transferred to lessees:

(1) The assumed data as to acquisition cost, accumulated depreciation and net leased property

(Millions of yen)

	Acquisition cost	Accumulated depreciation	Accumulated impairment loss	Leased property
Furniture, fixtures and equipment	77,369	53,677	569	23,122

(2) Obligations under finance leases

	(Millions of yen)
Due within one year	9,017
Due after one year	15,232
Total	24,250
Allowance for impairment loss on leased property	314

(3) Lease payments, transfer from allowance for impairment loss on leased property, depreciation expense, interest expense and impairment loss:

	(Millions of yen)
Lease payments	16,041
Transfer from allowance for impairment loss on leased property	206
Depreciation expense	14,830
Interest expense	811
Impairment loss	425

(4) Computation method of depreciation expense

Depreciation expense is computed by the straight-line method, assuming the lease period as the useful life and no residual value.

(5) Computation method of interest expense

The difference between the total lease contract amount and the acquisition cost is assumed to be interest, and interest expense is computed by the interest method.

(Related Party Transactions)

(1) Subsidiaries and affiliates

Attribute	Company name	Business line or profession	Equity ownership percentage	Relationship with the Company		Description of transactions	Transaction amount (Millions of yen)	Account item	Ending balance (Millions of yen)
				Directors posts held concurrently	Business relationship				
Affiliated companies	LAWSON CS Card, Inc	Financial service	(Ownership) the company directly owns 50%	One director of the Company One temporary transfer	Outsourcing of a card service etc	Increase in short-term loans receivable Interest received Guarantee for bank borrowings Receipts of guarantee fee	11,150 102 1,650 20	Short-term loans receivable Accrued interest receivable	20,000 0

Transaction conditions and the principles on the decision thereof:
1. The Company receives guarantee fees granted to LAWSON CS Card, Inc for banks borrowings.
2. The interest rates of short-term loans were determined rationally, referring to the market interest rate.

(2) Subsidiaries of an affiliated company of the Company

Attribute	Company name	Business line or profession	Equity ownership percentage	Relationship with the Company		Description of transactions	Transaction amount (Millions of yen)	Account item	Ending balance (Millions of yen)
				Directors posts held concurrently	Business relationship				
Subsidiaries of an affiliated company of the Company	RYOSHOKU LIMITED	Sales of processed foods	(Ownership) the company is directly owned 0.3 %	—	Vendor	Purchases for the Company-operated stores (Purchases for the franchised stores)	6,191 (84,086)	Accounts payable-trade	6,283
	Food Service Network Co, Ltd	Sales of fast foods and daily delivered foods	—	—	Vendor	Purchases for the Company-operated stores (Purchases for the franchised stores)	14,734 (209,631)	Accounts payable-trade	16,933
	SAN-ESU INC.	Confectionary wholesale business	—	—	Vendor	Purchases for the Company-operated stores (Purchases for the franchised stores)	1,897 (30,102)	Accounts payable-trade	2,936

Transaction conditions and the principles on the decision thereof:
The terms and conditions for purchase transactions are determined as the same as those for other general business transactions, except that regarding the purchases made for the franchised stores, the Company acts as an alternative payer, not as direct party of purchase.

(Per Share data)
1. Net assets per share 1,886.15 yen
2. Net income per share 183.43 yen

The above amounts and the number of shares in these consolidated and non-consolidated statements are truncated below the unit, and the ratios are rounded to the nearest whole number.

（TRANSLATION ONLY）

INDEPENDENT AUDITORS' REPORT

April 3, 2008

To the Board of Directors of
LAWSON, INC.:

Deloitte Touche Tohmatsu

Designated Partner,
Engagement Partner,
Certified Public Accountant: Toshihiko Matsumiya

Designated Partner,
Engagement Partner,
Certified Public Accountant: Hiroyuki Morita

Pursuant to the first item, second clause of Article 436 of the Corporate Law, we have audited the financial statements, namely, the balance sheet as of February 29, 2008 of LAWSON INC. (the "Company"), and the related statements of income and changes in net assets, and the related notes for the 33th fiscal year from March 1, 2007 to February 29, 2008 and the accompanying supplemental schedules. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and the accompanying supplemental schedules. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement and the accompanying supplemental schedules presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of the Company as of February 29, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION ONLY)

INDEPENDENT AUDITORS' REPORT

April 3, 2008

To the Board of Directors of
LAWSON, INC.:

Deloitte Touche Tohmatsu

Designated Partner,
Engagement Partner,
Certified Public Accountant: Toshihiko Matsumiya

Designated Partner,
Engagement Partner,
Certified Public Accountant: Hiroyuki Morita

Pursuant to the fourth clause of Article 444 of the Corporate Law, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of February 29, 2008 of LAWSON, INC. (the "Company") and consolidated subsidiaries, and the related statements of income and changes in net assets, and the related notes for the 33th fiscal year from March 1, 2007 to February 29, 2008. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of February 29, 2008, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Our firm and the engagement partners do not have any financial interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Law .

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

(TRANSLATION ONLY)

<Copy of the Audit Report of the Board of Corporate Auditors>

AUDIT REPORT

Regarding the execution of duties by the Directors for the 33rd business term from March 1, 2007 to February 29,2008, we have prepared this Audit Report, through due deliberations based on the audit reports prepared by each Corporate Auditor, and hereby report as follows:

1. Auditing Methods Employed by the Corporate Auditors and Board of Corporate Auditors and Details of Such Methods

We have established audit policies, audit programs and other guidelines for the current term, and received the reports from each Corporate Auditor regarding their execution of audits and results thereof, as well as reports from the Directors, other relevant personnel, and the Accounting Auditor regarding the execution of their duties, and asked for explanations as necessary.

Each Corporate Auditor, pursuant to the auditing standards of Corporate Auditors established by the Board of Corporate Auditors, has followed the audit policies and audit programs for the current term, communicated with the Directors, officers, internal audit department and other relevant employees, endeavored to collect information and develop the audit environment, attended the Board of Directors meetings, the management meetings, Compliance & Risk committee meetings, and the like, and other important meetings, received reports from the Directors, officers, internal audit department and other relevant employees regarding the execution of their duties, asked for explanations whenever necessary, reviewed important authorized documents and the like, and investigated the status of operations and assets at the head office, branches, and other principal offices and stores.

In addition, pursuant to the audit items and audit methods established by the Board of the Corporate Auditors, we have monitored and verified the resolution of the Board of Directors regarding the organization of the system as prescribed by item (vi) of paragraph 4, Article 362 of the Companies Act and paragraph 1 and paragraph 3, Article 100 of the Ordinance for Enforcement of the Companies Act and the status of the development and operation of the system based on such resolution (Internal Control System), as the system necessary to ensure that the execution of the duties by the Directors complies with laws and regulations and the Articles of Incorporation and other system necessary to ensure the properness of operations of a Stock Company. With respect to subsidiaries, we have communicated and exchanged information with the Directors, Corporate Auditors and other relevant personnel of subsidiaries, requested the subsidiaries to report on their business where necessary, and investigated their status of operations and assets. Based on the above methods, we have examined the business report and supplementary schedules thereof for this business term.

Furthermore, we have monitored and verified whether Accounting Auditor maintained its independent position and implemented appropriate audit, and we received reports from Accounting Auditor regarding the status of the execution of its duties and, whenever necessary, asked for explanations. In addition, we have received the notice from the Accounting Auditor that “System for ensuring that the duties are performed properly” (matters set forth in each item of Article 159 of the Company Accounting Regulations) is organized in accordance with the “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005) and the like, and, when necessary, asked for explanations. Based on the above methods, we have examined the “consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statements of changes in stockholder’s equity, and notes to consolidated financial statements)” and “non-consolidated financial statements (balance sheet, statement of income, non-consolidated statements of changes in stockholder’s equity, and notes to non-consolidated financial statements) and supplementary schedules thereof” for this term.

2. Result of Audit

(1) Result of Audit of Business Report and Other Relevant Documents

1. We have found that business report and the supplementary schedules thereof fairly present the status of the Company, in conformity with the applicable laws and regulations and the Articles of Incorporation.
2. Regarding the execution of duties by the Directors, we have found no misconduct or material matter that violates applicable laws and regulations or the Articles of Incorporation.
3. We have found that the content of the resolution of the Board of Directors regarding the Internal Control System is adequate. In addition, we have found no matters on which to give remarks in regard to the execution of duties by the Directors concerning Internal Control System.

(2) Result of Audit of Consolidated Financial Statements

We have found that methods and the result of the audit by the Accounting Auditor, Deloitte Touche Tohmatsu, are adequate.

(3) Result of Audit of Non-consolidated Financial Statements and Supplementary Schedules thereof.

We have found that methods and the result of the audit by the Accounting Auditor, Deloitte Touche Tohmatsu, are adequate.

April 9, 2008

The Board of Corporate Auditors of Lawson, Inc.

Standing Corporate Auditor Munehiko Nakano
(Outside Corporate Auditor)
Standing Corporate Auditor Kenji Yamakawa
Corporate Auditor Tetsuo Ozawa
(Outside Corporate Auditor)
Corporate Auditor Hiroshi Kuwata
(Outside Corporate Auditor)

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and references

Proposal No. 1: Appropriation of Surplus

The Company intends to pay year-end dividends as specified below from a comprehensive standpoint with due regard for the financial position, profit level, the payout ratio and other factors while ensuring adequate earnings retention in view of the requirements for future business development.

We will endeavor to raise the corporate value of the Company by appropriating the internal reserve to any necessary business investment such as new store openings, the renovation of existing stores and the development of new businesses.

Year-end dividends:

(1) Allotment of property for dividends to shareholders and total amount thereof
¥55 per share of the Company's common stock for a total of ¥5,452,500,405
Note: The annual dividend per share would be ¥110 per share, including an interim dividend per share of ¥55, an increase of ¥10 from the annual dividend for previous fiscal year.

(2) Effective date of the dividends from surplus
Monday, May 26, 2008

Proposal No. 2: Partial Amendment to the Articles of Incorporation

We propose to partially amend the existing Articles of Incorporation as described below.

1. Reasons for the amendments

Following the reorganization of the Securities and Exchange Law to the Financial Instruments and Exchange Law as a result of the enforcement of the Law for the Partial Amendment of Securities and Exchange Law, etc. (Law No. 65, 2006), we would like to change "securities brokerage" in ARTICLE 2: Purposes of Incorporation in the current Articles of Incorporation to "financial instruments introducing brokerage," and add "To trade emission quotas of greenhouse gases and others" in a bid to expand services in the franchise business. Pursuant to the addition of an item, we would like to propose item number adjustments as required.

2. Summary draft of this proposal

Proposed amendments are as described below:

(Amendments shown by underlines)

Existing Articles	Proposed Amendments
CHAPTER I: General Rules ARTICLE 2: Purposes of Incorporation The Company shall be organized for the purpose of operating the following businesses: 1. to (The related provisions omitted) 23. 24. To operate a banking agency and <u>a securities brokerage</u>; 25. to (The related provisions omitted) 26. (New establishment) <u>27.</u> to (The related provision omitted) <u>32.</u>	CHAPTER I: General Rules ARTICLE 2: Purposes of Incorporation The Company shall be organized for the purpose of operating the following businesses: 1. to (The same as the existing ones) 23. 24. To operate a banking agency and <u>a financial instruments introducing brokerage</u>; 25. to (The same as the existing ones) 26. <u>27. To trade emission quotas of greenhouse gases and others;</u> <u>28.</u> to (The same as the existing ones) <u>33.</u>

Proposal No. 3: Election of Seven (7) Directors

The terms of office of the seven (7) current directors expires at the conclusion of this 33rd Ordinary General Meeting of Shareholders. Accordingly, we propose that you elect seven (7) directors.

The nominees for directors are as follows:

No.	Name (Date of birth)	Brief Personal History, Assignment and Position in the Company, and Representative Positions in Other Companies		Number of the Company's Shares Held
1	Takeshi Niinami (January 30, 1959)	April 1981	Joined Mitsubishi Corporation.	3,900
		June 1995	Representative Director, Sodex Corporation	
		July 1999	General Manager, Restaurant Business Team, Living Essentials Logistics Planning Department, Mitsubishi Corporation	
		April 2000	General Manager, LAWSON Project Integration Office; General Manager, Restaurant Business Office, Mitsubishi Corporation	
		April 2001	Manager, LAWSON Business Unit; Manager, Restaurant Business Unit, Consumer Business Division, Mitsubishi Corporation	
		March 2002	Corporate Advisor, LAWSON, INC.	
		May 2002	President, Representative Director and Executive Officer, LAWSON, INC.	
		April 2003	President, Representative Director and Executive Officer; General Manager, Marketing Division, LAWSON, INC.	
		June 2003	President, Representative Director and Executive Officer, LAWSON, INC.	
		September 2003	President, Representative Director and Executive Officer; General Manager, Merchandising & Logistics Division, LAWSON, INC.	
		March 2004	President, Representative Director and Executive Officer; General Manager, Merchandising & Logistics Division and Quality Control Division, LAWSON, INC.	
		April 2004	President, Representative Director and Executive Officer; General Manager, Quality Control Division, LAWSON, INC.	
		May 2004	Director, LAWSON TICKET, INC.	
		May 2004	President, Representative Director and Executive Officer, LAWSON, INC.	
		March 2005	President, Representative Director and CEO, LAWSON, INC. (Current position)	
		April 2006	Director, ACCESS, CO., LTD. (Current position)	
		October 2007	Director, Chairman, LAWSON TICKET, INC. (Current position)	
2	Toru Moriyama (August 9, 1954)	April 1977	Joined Mitsubishi Corporation.	400
		April 2001	General Manager, Marine Products Unit, Mitsubishi Corporation	
		April 2004	General Manager, Food Textiles & General Merchandise Dept., Nagoya Branch, Mitsubishi Corporation	
		September 2005	Executive Assistant to CEO, LAWSON, INC.	
		November 2005	Executive Vice President; General Manager, Merchandising & Logistics Division, LAWSON, INC.	
		March 2006	Senior Executive Vice President; General Manager, Merchandising & Logistics Division, LAWSON, INC.	
		May 2006	Director, Senior Executive Vice President; General Manager, Merchandising & Logistics Division, LAWSON, INC. (Current position)	
		April 2008	Senior Vice President, Mitsubishi Corporation (Current position)	

No.	Name (Date of birth)	Brief Personal History, Assignment and Position in the Company, and Representative Positions in Other Companies		Number of the Company's Shares Held
3	Yoshiyuki Yahagi (May 20, 1954)	April 1979	Joined Mitsubishi Corporation	0
		January 1999	Team Leader, Investment Administration Team No. 1, Risk Management Department, Mitsubishi Corporation	
		October 2001	Team Leader, Investment Administration Team No. 1, Controller Office, and Leader, PM Committee Secretariat, Mitsubishi Corporation	
		July 2004	Deputy General Manager, Audit Department, Mitsubishi Corporation	
		December 2006	Senior Vice President and Executive Assistant to CEO, LAWSON, INC.	
		March 2007	Executive Vice President and CFO, in charge of Corporate Planning Office, LAWSON, INC.	
		April 2007	Executive Vice President and CFO, in charge of Corporate Planning Office and Human Resources Office, LAWSON, INC.	
		May 2007	Director, Executive Vice President and CFO, in charge of Corporate Planning Office, Human Resources Office, LAWSON, INC.	
		November 2007	Director, Executive Vice President and CFO, in charge of Corporate Planning Office and Human Resources Office; General Manager, Finance & Accounting Office and Management Services Office, LAWSON, INC.	
		March 2008	Director, Executive Vice President and CFO, in charge of Corporate Planning Office and Human Resources Office; General Manager, Management Services Office, LAWSON, INC. (Current position)	
4	Manabu Asano (October 1, 1949)	September 1977	Joined LAWSON, INC.	2,800
		September 1980	General Manager, Human Resources Development Department, LAWSON, INC.	
		March 1989	General Manager, Development Planning Department, Sales Planning Division, LAWSON, INC.	
		March 1992	Recruit Manager, Daiichi Region, Development Division, LAWSON, INC.	
		March 1998	General Manager, Higashi-Nippon-Daiichi Region, Development Division, LAWSON, INC.	
		January 2002	Senior Vice President; General Manager, Store Development Division, LAWSON, INC.	
		October 2002	Senior Vice President; General Manager, Store Development Division; General Manager, Chubu Division, LAWSON, INC.	
		March 2003	Senior Vice President; General Manager, Chubu LAWSON Branch, LAWSON, INC.	
		September 2005	Senior Vice President and Deputy CRO, LAWSON, INC.	
		March 2006	Senior Vice President and CCO, in charge of General Affairs and Internal Audit, LAWSON, INC.	
		May 2006	Director, Senior Vice President and CCO, in charge of General Affairs and Internal Audit, LAWSON, INC.	
		April 2008	Director, Executive Vice President and CCO, in charge of General Affairs and Internal Audit, LAWSON, INC. (Current position)	

No.	Name (Date of birth)	Brief Personal History, Assignment and Position in the Company, and Representative Positions in Other Companies		Number of the Company's Shares Held
5	Hiroshi Tasaka (April 17, 1951)	March 1990 June 1996 March 2000 April 2000 April 2000 May 2000 June 2000 June 2005 December 2005	Joined The Japan Research Institute, Limited Director, The Japan Research Institute, Limited Director, SOFTBANK INVESTMENT CORPORATION Fellow, The Japan Research Institute, Limited (Current position) Professor, Graduate School of Tama University (Current position) Director, LAWSON, INC. (Current position) President, Sophia Bank Limited (Current position) Director, SBI Holdings, Inc. (Current position) Director, OKWave	0
6	Reiko Yonezawa (April, 3, 1950)	April 1974 March 1982 July 1986 May 2002 August 2003 January 2006 June 2007	Joined Japan Airlines International Co., Ltd. President, The R Co., Ltd. (Current position) President, Will Co., Ltd. Director, LAWSON, INC. (Current position) Director, Nihon Enterprise Co., Ltd. Director, Japan Post Holdings Co., Ltd. (Current position) Director, Culture Convenience Club Co., Ltd. (Current position)	0
7	Takehiko Kakiuchi (July 31, 1955)	April 1979 April 2001 April 2004 February 2005 May 2005 April 2006 June 2007 April 2008	Joined Mitsubishi Corporation White Meat Unit Manager, Concurrently Red Meat Unit Manager, Foods (Commodity) Division, Mitsubishi Corporation General Manager, Planning & Coordination, Investment Administration & Credit, Living Essentials Group CEO Office, Mitsubishi Corporation Director, Kentucky Fried Chicken Japan, Ltd. (Current position) Director, LAWSON, INC. (Current position) General Manager, Living Essentials Group CEO Office, Mitsubishi Corporation Corporate Auditor, Kadoya Sesame Mills Incorporated (Current position) Division COO, Foods (Commodity) Div., Mitsubishi Corporation (Current position)	0

Notes:

1. The three nominees, Hiroshi Tasaka, Reiko Yonezawa and Takehiko Kakiuchi are candidates for outside directors as stipulated in Article 2, Paragraph 3, Item 7, of Ordinance for Enforcement of the Companies Act.
2. Reasons for the election of the nominees above as outside directors and the terms of office as outside directors of the Company
   1) Hiroshi Tasaka
      He has been nominated as a candidate for outside director because he is highly expected by management to fully perform the outside director's role with abundant experience and knowledge as a man of learning and as an executive manager and he is actually supervising the management of the Company properly.
      As Tasaka has served as an outside director of the Company since May 2000, his term of office will be eight years as of the conclusion of this 33rd Ordinary General Meeting of Shareholders.
   2) Reiko Yonezawa
      She has been nominated as a candidate for outside director because she is highly expected by management to fully perform the outside director's role with abundant experience and knowledge as an executive manager and she is actually supervising the management of the Company properly.
      As Yonezawa has served as an outside director of the Company since May 2002, her term of office will be six years as of the conclusion of this 33rd Ordinary General Meeting of Shareholders.
   3) Takehiko Kakiuchi
      He has been nominated as a candidate for outside director because he is highly expected by management to fully perform the outside director's role with profound expertise in consumer lifestyle at Mitsubishi Corporation, with which the Company has a significant business collaboration, and he is actually supervising the management of the Company properly.
      As Kakiuchi has served as an outside director of the Company since May 2005, his term of office will be three

years as of the conclusion of this 33rd Ordinary General Meeting of Shareholders.

3. Agreement to limit liability with the nominees
   Pursuant to Article 24 of the current Articles of Incorporation, the Company has entered into an agreement with the nominees Hiroshi Tasaka, Reiko Yonezawa and Takehiko Kakiuchi to limit their liability with regard to the damages set out under Article 423, Paragraph 1, of the Companies Act to within the total sum of the amounts set forth in the relevant laws and regulations as far as they have been in good faith without gross negligence in executing duties that were ascribed as the cause of the claim for damage concerned.
4. The R Co., Ltd., for which Reiko Yonezawa, one of the nominees, serves as president, and the Company have an outsourcing-outsourced business relationship with regard to reception service.
5. The nominees other than the above do not have any special interest in the Company.
6. The nominee’s Brief Personal History, Assignment and Position in the Company, and Representative Positions in Other Companies are as of April 10, 2008.

Proposal No. 4: Election of One (1) Corporate Auditor

The term of office of current corporate auditor Munehiko Nakano expires at the conclusion of this 33rd Ordinary General Meeting of Shareholders. Accordingly, we propose that you elect one (1) corporate auditor.

The Board of Corporate Auditors has given prior consent to this proposal No. 4.

The nominee for the corporate auditor is as follows:

Name (Date of birth)	Brief Personal History, Assignment and Position in the Company, and Representative Positions in Other Companies		Number of the Company's Shares Held
Munehiko Nakano (September 6, 1951)	April 1974	Joined Mitsubishi Corporation	0
	January 2001	General Manager, Coordination & Accounting Department, Chubu-Branch, Mitsubishi Corporation	
	May 2002	Group Controller, Machinery Group, Mitsubishi Corporation	
	May 2006	Assigned to Corporate Staff division, Mitsubishi Corporation	
	May 2006	Standing Corporate Auditor, LAWSON INC. (Current position)	

Notes:

1. The nominee Munehiko Nakano is a candidate for outside corporate auditor as stipulated in Article 2, Paragraph 3, Item 8, of Ordinance for Enforcement of the Companies Act.
2. Reasons for the election of the nominee above as outside corporate auditor and the term of office as outside corporate auditor of the Company
   Munehiko Nakano has been nominated as a candidate for outside corporate auditor because he is expected by management to fully perform the corporate auditor's role, as he has abundant expertise accumulated through his distinguished practical experience in the fields of accounting and investment management at Mitsubishi Corporation, with which the Company has a significant business collaboration, and he is actually performing audits on the directors' execution of duties properly.
   As Nakano has served as an outside corporate auditor of the Company since May 2006, his term of office will be two years as of the conclusion of this 33rd Ordinary General Meeting of Shareholders.
3. Agreement to limit liability with the nominee
   Pursuant to Article 32 of the current Articles of Incorporation, the Company has entered into an agreement with Munehiko Nakano to limit his liability with regard to the damages set out under Article 423, Paragraph 1, of the Companies Act to within the total sum of the amounts set forth in the relevant laws and regulations as far as he has been in good faith without gross negligence in executing duties that were ascribed as the cause of the claim for damage concerned.
4. The nominee does not have any special interest in the Company.
5. The nominee's Brief Personal History, Assignment and Position in the Company, and Representative Positions in Other Companies are as of April 10, 2008.