

A Strong, Compelling

CHOICE



LAWSON®

Company Profile

Lawson Software (Nasdaq: LWSN) develops, designs and delivers enterprise business process software solutions that serve the specialized needs of services organizations. These include large to mid-sized organizations in healthcare, retail, professional services, public sector, financial services and other strategic markets, which rely on our software to automate and integrate their business processes and facilitate

collaboration among customers, partners, suppliers and employees. Lawson's software solutions include enterprise reporting, distribution, financials, human resources, procurement, retail operations, service process optimization and analytics. Lawson's initial public offering was Dec. 7, 2001, on the Nasdaq National Market.

Lawson Software AT-A-GLANCE

Software designed for the services industry

Market Segments

Healthcare

Includes: Integrated delivery networks, hospitals, academic medical centers and other providers

Retail

Includes: Grocery, hard goods, drug stores, home improvement, specialty and other retailers

Professional Services

Includes: Technology, government contractors, professional service organizations, service divisions and internal IT departments

Public Sector

Includes: K-12 education, local government, state government and other organizations

Financial Services

Includes: Insurance-property and casualty, life and specialty lines; Banking-commercial, retail, credit unions, Federal Reserve, Federal Home Loan and other financial services providers

Strategic Markets

Includes: Energy, entertainment, publishing, transportation and other services companies

Lawson Enterprise Software Applications

Lawson Reporting Suite

Applications

Analytic Architect
Enterprise Reporting
> Integration Pack
> Report Designer –
Windows Client
> Server and Web Clients
Scorecard
Smart Notification
Smart Notification Solutions
Workforce Analytics

Data Marts

Asset Management Data Mart
Case Carts Data Mart (HC)
Compensation Data Mart
Daily Financials Data Mart
Financials Data Mart
Headcount and Turnover
Data Mart
Lease Management Data Mart
Procurement Data Mart
Project and Activity
Accounting Data Mart
(Pro Serv)
Resource Utilization Data Mart
Retail Comp Store
Metrics Data Mart
Sales Performance Data Mart
Strategic Ledger Data Mart
Time and Expense Data Mart

Lawson Distribution Suite

Applications

Billing
Customer Self-Service
Franchise Management
Order Entry
Smart Notification Solutions
for Distribution
Work Order

Lawson Financials Suite

Applications

Accounts Payable
Accounts Receivable
Asset Management
Cash and Treasury
Management
Enterprise Budgeting
Enterprise Consolidations
Financial Reporting
Self-Service
General Ledger
> Multi-book Ledger
> Average Daily Balance
> Encumbrance Accounting
Lease Management
Payables Management
Project and Activity
Accounting
> Billing and Revenue
Management
Smart Notification Solutions
for Financials
Strategic Ledger
Time and Expense

Lawson Human Resources Suite

Applications

Absence Management
Benefits Administration
Employee and Manager Portal
Employee and Manager
Self-Service
e-Recruiting
Payroll
Personnel Administration
Smart Notification Solutions
for Human Resources
Time and Expense
Tips
UK Payroll

Lawson Procurement Suite

Applications

Case Carts
e-Procurement
Inventory Control
Purchase Order
Requisitions
Requisitions Self-Service
Smart Notification Solutions
for Healthcare
Smart Notification Solutions
for Procurement
Vendor Portal
Vendor Self-Service

Lawson Retail Operations

Applications

Lawson Library
Merchandising
Store Operations
Supply Chain

Lawson Retail InSight

Applications

Store Performance InSight
Advanced Category InSight

Lawson Service Process Optimization

Capabilities:

> Demand Management
> Opportunity Management
> Project Management
> Resource Management
> Financial Management
> Portfolio/Performance
Management
> Time and Expense

Lawson is a strong, compelling choice in the enterprise software market

I am pleased to report that fiscal 2003 – even as it presented many challenges for our company – was a successful year for Lawson in many ways.

The most important success to note is that we worked hard to meet a challenging environment head on and managed to grow our number of customers by signing contracts with more than 530 customers – both new and existing – who chose our enterprise software solutions.

If you are familiar with the enterprise software industry, you know that customers – mid-size to large companies – don't make hasty decisions when it comes to buying software. These are often rigorous, extensive selection processes where the competition is fierce and the stakes are high, which is why growth in customers is certainly great to have for Lawson in any year and especially in the environment we faced last year.

But more importantly for Lawson, every win validates our corporate strategy, the strength of our product offering, and our ability to beat much larger competitors like PeopleSoft, Oracle, and SAP. That's why I look at *every* win as continued proof that Lawson provides a strong, compelling choice in our market.

By putting the needs of the customer first, by *listening* to what our customers need and not *dictating* what they will get, I believe Lawson is on the right path in our targeted markets.



Jay Coughlan
President and CEO

Lawson: **Unique in the industry**

Founded: 1975

IPO: December 2001

Revenues: \$344 million fiscal 2003

Locations: Approximately 1,600 employees in U.S. and international offices

Solutions: Enterprise software applications tailored to services organizations

Architecture: Flexible, web-based architecture that supports multiple hardware platforms

Markets: People-intensive industries within the services sector including Healthcare, Retail, Public Sector, Professional Services, and Financial Services

Customers: More than 2,000 mid-market and large companies

Fiscal 2003 in review

The business climate we faced in fiscal 2003 was as challenging as I've ever seen in our industry. It was a climate brought about by an uncertain economy, which itself was affected by global developments such as the Iraq war. As a result, it's easy to understand why companies – our prospective customers – were cautious in spending their money on enterprise software during uncertain times.

This change in customer behavior affected Lawson's revenue. We saw the average dollar amount of our contracts decline, as did the total number of contracts we closed during the fiscal year. Consequently, after five consecutive years of revenue growth, our revenue decreased in 2003, affecting our net income. Despite the declines, I'll note that Lawson's financial position is stable and the fiscal 2003 key measures of our financial and business health include:

> *Cash on hand:* We generated \$48 million in cash from operations last year, increasing our cash and equivalents balance 13 percent to \$261 million.

> *Debt:* Our total debt remained low at \$1.2 million.

> *New customers:* Nearly 50 percent of our contracting activity came from new customers, increasing our customer base of more than 2,000. Overall, we signed 536 total contracts.

> *Adoption of our latest software:* At year end, more than 45 percent of our customers had taken the step to upgrade to Lawson 8 series applications.

> *Reduced number of shares:* We bought back \$15 million of our outstanding shares based on our confidence in our company and ability to generate cash. Our board of directors has approved purchasing another \$50 million in shares in fiscal 2004.

> *Governance:* With corporate ethics on everyone's mind these days, we continued to demonstrate our commitment to strong corporate governance by welcoming another independent member to our board of directors. We now have six independent directors on our board, each bringing an independent viewpoint and years of relevant business experience.

Our 'vertical' strategy differentiates us

What's different about Lawson?

I answer this question quite easily as our "vertical strategy." What that means is:

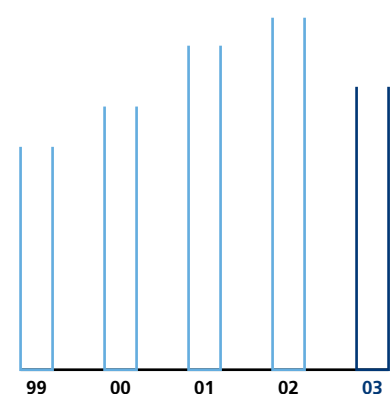
- 1) Lawson focuses on services sector companies as opposed to manufacturing companies. Services sector companies – where people and their knowledge and skills are their "products" – require different software than manufacturing companies, whose products are actual things.
- 2) We build software that has the features and functions needed by the specific markets we serve: for example, healthcare, retail, public sector, professional services firms, and others.
- 3) We build our organization within our company to support these markets, hiring industry experts who understand the industry and can develop and support the products their industry needs.

This "vertical strategy" gives us differentiation from our competitors who sell "one-size-fits-all" products. Our competitors see no distinction between manufacturing and services nor between the needs of a hospital and the needs of a school district. We do.

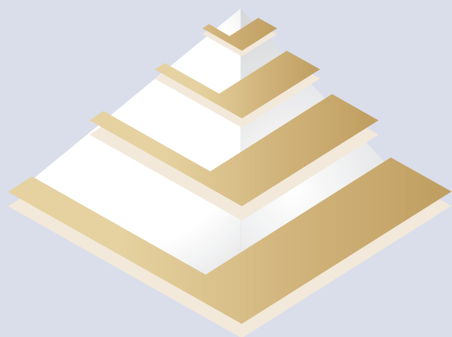
We began implementing this strategy in 1996 in healthcare and soon became a leading software supplier for hospitals and healthcare providers. We then expanded into other markets and in fiscal 2003, our momentum in our key verticals *increased*.

For example, in healthcare, we strengthened our leadership position with the addition of Catholic Health East, Mayo Clinic, The Good Samaritan Health Services Foundation, Carilion Health System, Medcath, Baptist Memorial Health Care Corporation, and Shore Health System. Lawson today serves more than 400 healthcare

Total Revenues (in millions)
\$271 \$320 \$394 \$428 \$344



The Lawson VISION



Strategy Provide business process software and services featuring in-depth vertical functionality to help our customers achieve workforce optimization.

Mission To provide superior software to services organizations that radically changes the way they operate and compete.

Purpose Provide technology that gives people the freedom to pursue their passion.

Values

- > People
- > Integrity
- > Competence

industry customers representing more than 4,500 facilities, including eight of the top 10 integrated delivery networks.

In retail, we added new business from Pathmark Stores Inc. and SUPERVALU Inc. and welcomed COOP Sweden AB and New Look Retailers to our growing list of retail customers. Lawson's retail customers now include five of the top 10 U.S.-based retailers, eight of the top 20 apparel retailers,

seven of the top 25 grocery chains, 23 of the top 100 restaurant chains and 20 of the top 100 specialty chains.

Northrop Grumman Information Technology became an important new customer using our leading Service Process Optimization software, which was recently ranked in the leader quadrant of a Gartner Inc. Magic Quadrant research report.

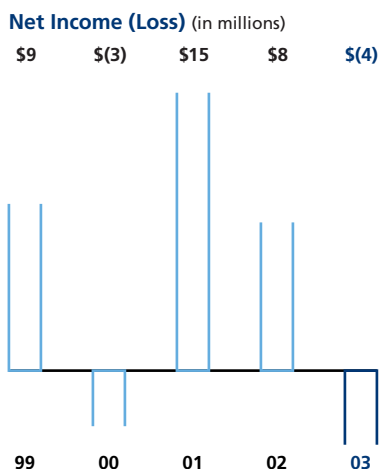
In financial services, BB&T Corporation signed on with Lawson to use our Human Resources, Financials and Enterprise Reporting software.

And in public sector, Cumberland County and Albuquerque Public Schools also signed major contracts to use Lawson 8 series applications.

Operational excellence

Our attention to operational excellence continued in 2003. We focused on a smart allocation of our company's resources – investing in areas of promising growth in our verticals and reducing expenses in other areas. The result was we reduced our operating expenses by \$29 million during the year, accomplished through a line-by-line prioritization of our spending and not by making arbitrary cuts across the company.

In fact, we continued to make targeted investments in our business and in our customers' satisfaction throughout 2003, primarily in R&D, technology acquisitions, and critical sales, services and marketing skills in our key verticals. In total, we invested more than \$10 million in our verticals in 2003.



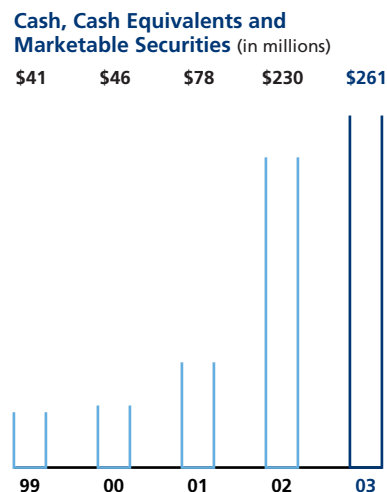
Positioned for growth

I remain confident about Lawson's position in the enterprise software market. We've emerged from fiscal 2003 as a stronger company, and we have several initiatives under way to deliver growth and improved profitability in fiscal 2004.

License revenue growth

The investments we've made over the last several years in our targeted markets in people and in new technology and the investments we continue to make provide opportunity for license revenue growth in fiscal 2004. We have built strong business units around our vertical markets and continue to develop and deliver an increased number of industry-specific new products for these markets.

Besides Lawson-developed products, our corporate development program is focused on finding and adding more products through



acquisitions and partnerships. Whether built by us or acquired, our goal is to have the products and the expertise that allow us to engage with more new customers than ever before, as well as provide additional products to our valued existing customers.

Improved operating efficiencies

Efficiency in our operations is important to augmenting our revenue growth goals for fiscal 2004. We continuously have to get smarter, better, and more effective at managing our business. Key initiatives for fiscal 2004 include:

> *R&D*: In research and development, we will continue to enhance our development and testing processes to allow higher productivity and to focus on new development. We have maintained a healthy R&D investment that has allowed us to deliver 22 new products in 2003.

> *Sales tools*: We are implementing an enhanced sales order tool to improve the quality and turnaround time for customer bids and orders. We also introduced web delivery for the majority of our products. Each enhancement improves customer support and process quality, and contributes to reduced sales and distribution costs.

> *Constant re-evaluation*: We will continuously review where to make investments in our business, and where it is prudent to scale back. And we will make ongoing adjustments to ensure a cost structure balanced to the business environment.

In summary, Lawson remains a financially strong company with a business model built for perpetuity and positioned for growth. We remain committed to our vision. We are focused on the successful execution of our vertical strategy and on our mission of providing superior software that radically changes the way services organizations operate and compete. Our differentiation of focusing on our customers' business processes and on the unique solutions they need for a services environment is more compelling today than ever.

On behalf of all Lawson employees and our board of directors, I thank you for your continued support. I am proud of our company's accomplishments in 2003 and am optimistic about our prospects for the year ahead.

Sincerely,

Jay Coughlan
President and
Chief Executive Officer
September 12, 2003

Executive Team

John J. Coughlan
President and
Chief Executive Officer

Robert G. Barbieri
Executive Vice President,
Chief Financial Officer

James F. DeSocio
Executive Vice President

Dean J. Hager
Executive Vice President

Bruce B. McPheeters
General Counsel,
Secretary and
Senior Vice President

Eric C. Morgan
Executive Vice President

Board of Directors

H. Richard Lawson
Chairman of the Board

John J. Coughlan
President and
Chief Executive Officer,
Lawson Software, Inc.

David J. Eskra
Investor and former partner,
ES Technology

David R. Hubers
Former Chairman and
Chief Executive Officer,
American Express
Financial Advisors Inc.

Thomas G. Hudson
Chairman, President and
Chief Executive Officer,
Computer Network
Technology Corporation

Richard D. Kreysar
Former President and
Chief Executive Officer,
Accrue Software, Inc.

David S. B. Lang
Principal,
TA Associates, Inc.

Michael A. Rocca
Former Senior Vice President
and Chief Financial Officer,
Mallinckrodt, Inc.

Stockholders Information

Annual meeting

The annual meeting of stockholders will be held at 10 a.m. Central time Oct. 30, 2003, at the Touchstone Energy Place, Meeting Room 10, 175 West Kellogg Boulevard, Saint Paul, Minn. 55102.

Form 10-K and other investor information

Copies of the Form 10-K (Annual Report) filed with the Securities and Exchange Commission and other financial documents are available by calling 651-767-7000 or upon written request to:

Investor Relations, Lawson Software
380 St. Peter Street, Saint Paul, Minn. 55102

Independent auditors

PricewaterhouseCoopers LLP

Stock registrar and transfer agent

Mellon Investor Services, LLC
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1-888-213-0965

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Financial information on the Internet

This corporate report is also available on www.lawson.com, where you will find other information about Lawson.

For investor information, visit www.lawson.com/investor/financials.

Forward-looking statements

This corporate report contains forward-looking statements. These forward-looking statements contain statements of intent, belief or current expectations of Lawson Software, Inc., and its management. Such forward-looking statements are not guarantees of future results and involve risks and uncertainties that may cause actual results to differ materially from the potential results discussed in the forward-looking statements. The company is not obligated to update forward-looking statements based on circumstances or events that occur in the future. In addition to factors discussed above, risks and uncertainties that may cause such differences include but are not limited to: a decline in general economic conditions; uncertainties in the software industry; global military conflicts; terrorist attacks in the United States, and any future events in response to these developments; changes in conditions in the company's targeted service industries; increased competition and other risk factors listed in the company's most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission and as included in other documents the company files from time to time with the Commission.

Corporate Headquarters

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