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### **Lawson Software Reports Third Quarter Fiscal 2007 Financial Results**

**ST. PAUL, Minn., April 9, 2007** — Lawson Software, Inc. (Nasdaq: LWSN) today reported financial results for its third quarter of fiscal 2007, the third full quarter of post-combination results after its acquisition of Intenia International AB in April 2006. In the third quarter, Lawson substantially completed the purchase accounting review associated with its acquisition of Intenia. As a result of this review, Lawson increased the goodwill associated with the acquisition by \$21.4 million, primarily related to adjustments for accrued liabilities. Lawson may have subsequent purchase accounting adjustments in the fiscal fourth quarter ending May 31, 2007, related to Value Added Taxes (VAT) items in Europe and refinement to reserves for pre-acquisition customer claims.

Lawson reported GAAP (generally accepted accounting principles) revenues of \$191.2 million for its fiscal 2007 third quarter. This was an increase of 118 percent from revenues of \$87.7 million in its fiscal 2006 third quarter, primarily attributed to the consolidation of revenues of the former Intenia. Excluded from these results is \$1.8 million of deferred maintenance and services revenue that was written down under purchase accounting in the acquisition of Intenia.

GAAP net loss was \$9.8 million, or \$0.05 per share, compared with GAAP net income of \$10 million, or \$0.09 per diluted share, in the same period last year. This decline is primarily attributed to the consolidation of the former Intenia's costs and operating expenses and a restructuring charge. The company incurred a restructuring charge of \$11.5 million in the quarter for severance and related benefits for approximately 350 positions in the United States and Europe that will be eliminated over the next five quarters ending in May 2008 as work is shifted to a global support center in the Philippines.

Included in these GAAP results are pre-tax expenses totaling \$9.9 million for amortization of acquired intangible assets, acquisition related costs, purchase accounting impact on consulting costs and amortization of purchased maintenance contracts, and \$1.8 million of non-cash stock-based compensation as a result of adopting FAS 123(R) in the year. Under FAS 123(R), stock-based employee compensation cost is recognized using the fair-value based method for all unvested stock options after June 1, 2006. Excluding these expenses and the \$11.5 million restructuring charge taken in the quarter, and including the \$1.8 million of maintenance and services revenue written down under purchase accounting, non-GAAP net income would have been \$11.4 million, or \$0.06 per diluted share. Lower than expected effective tax rates favorably impacted the non-GAAP earnings per share by \$0.02.

“We executed well on many levels during the third quarter,” said Harry Debes, president and CEO. “We met or exceeded our financial commitments for revenues, expenses and non-GAAP earnings per share. In addition, our maintenance renewals came in strong from our Lawson M3 (Make, Move, Maintain) customer base, our cash flow from operations improved, our consulting services margin improved, we outlined our transformation plans for our new global operations and began to execute those plans, and our sales pipeline grew for the fourth consecutive quarter. Although we still have more to work to do, we made strong progress on our customer commitments and company goals during the third quarter.”

### **Results for the Nine-month Period**

For the nine months ended Feb. 28, 2007, GAAP net loss was \$29.1 million, or \$0.16 per share, on total revenues of \$537.5 million, compared with GAAP net income of \$20.7 million, or \$0.19 per diluted share, on total revenues of \$264.6 million, in the comparable fiscal 2006 period. Excluded from these results is \$10.3 million of deferred maintenance and services revenue that was written down under purchase accounting in the acquisition of Intentia.

Included in the nine-month GAAP results are pre-tax expenses totaling \$47 million for amortization of acquired intangible assets, acquisition related costs, purchase accounting impact on consulting costs, amortization of purchased maintenance contracts, restructuring charges, and \$5.5 million of non-cash stock-based compensation as a result of adopting FAS 123(R) in this year. Excluding these costs and including the \$10.3 million of maintenance and services revenue written

down under purchase accounting, nine-month non-GAAP net income would have been \$21.5 million, or \$0.11 per diluted share.

### **Financial Guidance**

For the fourth quarter of fiscal year 2007 ending May 31, 2007, the company is estimating GAAP revenues of \$187 million to \$195 million, excluding approximately \$1 million of deferred maintenance and services revenue written down under the purchase accounting method used for the Intenia acquisition. Including this amount, the company estimates non-GAAP revenues of \$188 million to \$196 million. License revenues are estimated to be between \$24 million and \$28 million. Maintenance revenues are estimated to be between \$74 million and \$75 million, and consulting revenues are estimated to be between \$90 million and \$93 million. The company anticipates GAAP per share results to be in the range of a net loss of \$0.02 to net earnings of \$0.03 per fully diluted share. Non-GAAP fully diluted earnings per share is forecasted between \$0.03 and \$0.05, excluding approximately \$8.8 million of pre-tax expenses related to the amortization of acquisition-related intangibles, amortization of purchased maintenance contracts, stock-based compensation charges, and integration costs. The non-GAAP effective tax rate in the fourth quarter is anticipated to be 51 percent.

### **Third Quarter Fiscal 2007 Key Metrics and Highlights**

- Cash, cash equivalents and marketable securities in the quarter were \$286 million (including \$15 million of restricted cash) – increasing \$7 million from the second quarter.
- Total deferred revenues increased 24 percent from the second quarter to \$182.3 million.
- Deferred license revenues increased 11 percent from the second quarter to \$32.7 million.
- 354 total deals were signed at an average selling price of \$88,000, compared with 307 deals at an average selling price of \$105,000 in the second quarter.
- 24 new customer deals were signed at an average selling price of \$373,000, compared with 27 at an average selling price of \$420,000 in the second quarter.
- Five deals greater than \$1 million and four deals between \$500,000 and \$1 million were signed, compared to three deals greater than \$1 million and 13 deals in the \$500,000 to \$1 million range in the second quarter.
- The Americas region represented 54 percent of total revenue; the Europe, Middle East, and Africa region represented approximately 43 percent of total revenue; and Asia-Pacific represented 3 percent of total revenue.
- Non-GAAP consulting services margin increased 240 basis points to 17.7 percent.
- Customer wins: Americas – Pinnacle Airlines, First National Bank of Omaha, Tacoma Public Schools, Holland Community Hospital, Wentworth Douglas Hospital, Things Remembered, Orchard Supply Hardware Stores and Koramsa; EMEA – Bygma, Johannes Fog and Bunzl Vending Services Ltd; Asia-Pacific – Quiksilver Japan, Belle Footwear and Swan Hardware and Staff.
- The company signed two new Lawson M3 deals with customers in the Americas.

- Lawson continued to see good customer adoption of Lawson System Foundation 9 with 135 customers purchasing in the third quarter.
- The company repurchased 867,000 shares of common stock in the quarter for \$5.9 million at an average price of \$6.80 per share.

### **Conference Call and Webcast**

The company will host a conference call and webcast to discuss its third quarter results and future outlook at 4:30 p.m. Eastern Time (3:30 p.m. Central Time) April 9, 2007. Interested parties should dial 1-888-677-1802 (passcode Lawson 49) and international callers 1-210-234-8402. A live webcast will be available on [www.lawson.com](http://www.lawson.com). Interested parties should access the conference call or webcast approximately 10-15 minutes before the scheduled start time.

A replay will be available approximately one hour after the conference call concludes and will remain available for one week. The replay number is 1-866-446-5478 and international 1-203-369-1152. The webcast will remain on [www.lawson.com](http://www.lawson.com) for approximately one week.

### **About Lawson Software**

Lawson Software provides software and service solutions to approximately 4,000 customers in manufacturing, distribution, maintenance and service sector industries across 40 countries. Lawson's solutions include Enterprise Performance Management, Supply Chain Management, Enterprise Resource Planning, Customer Relationship Management, Manufacturing Resource Planning, Enterprise Asset Management and industry-tailored applications. Lawson solutions assist customers in simplifying their businesses or organizations by helping them streamline processes, reduce costs and enhance business or operational performance. Lawson is headquartered in St. Paul, Minn., and has offices around the world. Visit Lawson online at [www.lawson.com](http://www.lawson.com).

### **Forward-Looking Statements**

This press release contains forward-looking statements that contain risks and uncertainties. These forward-looking statements contain statements of intent, belief or current expectations of Lawson Software 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. Risks and uncertainties that may cause such differences include but are not limited to: uncertainties in Lawson's ability to realize synergies and revenue opportunities anticipated from the Intenia International acquisition; uncertainties in the software industry; uncertainties as to when and whether the conditions for the recognition of deferred revenue will be satisfied; global military conflicts; terrorist attacks; pandemics, and any future events in response to these developments; changes in conditions in the company's targeted industries; increased competition and other risk factors listed in the company's most recent Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission. Lawson assumes no obligation to update any forward-looking information contained in this press release.

### **Use of Non-GAAP Financial Information**

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, Lawson Software reports non-GAAP financial results. These non-GAAP results exclude amortization of all acquisition-related intangibles, amortization of purchased maintenance contracts, Intenia integration costs, restructuring charges, certain stock-based compensation expenses and other expenses. In addition, Lawson's non-GAAP financial results include pro forma revenue for maintenance contracts acquired in the Intenia acquisition for which the deferred revenue on Intenia's balance sheet has been eliminated from GAAP results as part of the purchase accounting for the acquisition. Lawson's management believes the non-GAAP measures used in this press release are useful to investors because they provide supplemental information that research analysts frequently use to analyze

software companies that have recently made significant acquisitions. Management uses these non-GAAP measures to evaluate its financial results, develop budgets and manage expenditures. The method Lawson uses to produce non-GAAP results is not computed according to GAAP, may differ from the methods used by other companies, and should not be regarded as a replacement for corresponding GAAP measures. Investors are encouraged to review the reconciliation of these non-GAAP financial measures to the comparable GAAP results, which is attached to this release. Additional information can be found on the investor relations page of Lawson's website at [www.lawson.com/investor](http://www.lawson.com/investor).

**LAWSON SOFTWARE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(in thousands, except per share data)  
(unaudited)

	<u>Three Months Ended</u>		% Increase (Decrease)	<u>Nine Months Ended</u>		% Increase (Decrease)
	<u>Feb 28, 2007</u>	<u>Feb 28, 2006</u>		<u>Feb 28, 2007</u>	<u>Feb 28, 2006</u>	
Revenues:						
License fees	\$ 26,434	\$ 15,099	75%	\$ 65,243	\$ 51,824	26%
Maintenance	73,308	45,423	61%	213,861	133,590	60%
Consulting	<u>91,465</u>	<u>27,173</u>	237%	<u>258,433</u>	<u>79,232</u>	226%
Total revenues	<u>191,207</u>	<u>87,695</u>	118%	<u>537,537</u>	<u>264,646</u>	103%
Cost of revenues:						
Cost of license fees	5,950	2,727	118%	16,842	7,922	113%
Cost of maintenance	15,815	6,857	131%	44,500	21,563	106%
Cost of consulting	<u>77,956</u>	<u>25,719</u>	203%	<u>227,979</u>	<u>77,650</u>	194%
Total cost of revenues	<u>99,721</u>	<u>35,303</u>	182%	<u>289,321</u>	<u>107,135</u>	170%
Gross profit	<u>91,486</u>	<u>52,392</u>	75%	<u>248,216</u>	<u>157,511</u>	58%
Operating expenses:						
Research and development	20,380	14,325	42%	63,235	42,875	47%
Sales and marketing	39,744	17,655	125%	116,534	56,092	108%
General and administrative	25,714	9,644	167%	73,919	36,555	102%
Restructuring	11,540	-	+++	14,900	5	+++
Amortization of acquired intangibles	<u>2,465</u>	<u>346</u>	+++	<u>7,254</u>	<u>1,077</u>	+++
Total operating expenses	<u>99,843</u>	<u>41,970</u>	138%	<u>275,842</u>	<u>136,604</u>	102%
Operating income (loss)	<u>(8,357)</u>	<u>10,422</u>	---	<u>(27,626)</u>	<u>20,907</u>	---
Other income:						
Interest income	3,279	2,814	17%	10,579	7,486	41%
Interest expense	(1,660)	(1)	---	(2,305)	(26)	---
Other income	<u>(196)</u>	<u>-</u>	---	<u>(153)</u>	<u>-</u>	---
Total other income	<u>1,423</u>	<u>2,813</u>	(49%)	<u>8,121</u>	<u>7,460</u>	9%
Income (loss) before income taxes	(6,934)	13,235	---	(19,505)	28,367	---
Provision for income taxes	<u>2,834</u>	<u>3,228</u>	(12%)	<u>9,564</u>	<u>7,627</u>	25%
Net income (loss)	<u>\$ (9,768)</u>	<u>\$ 10,007</u>	---	<u>\$ (29,069)</u>	<u>\$ 20,740</u>	---
Net income (loss) per share:						
Basic	<u>\$ (0.05)</u>	<u>\$ 0.10</u>	---	<u>\$ (0.16)</u>	<u>\$ 0.20</u>	---
Diluted	<u>\$ (0.05)</u>	<u>\$ 0.09</u>	---	<u>\$ (0.16)</u>	<u>\$ 0.19</u>	---
Shares used in computing net income (loss) per share:						
Basic	<u>187,666</u>	<u>103,572</u>	81%	<u>186,962</u>	<u>102,384</u>	83%
Diluted	<u>187,666</u>	<u>108,033</u>	74%	<u>186,962</u>	<u>106,877</u>	75%

**LAWSON SOFTWARE, INC.**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(in thousands)  
(unaudited)

	<u>Feb 28, 2007</u>	<u>May 31, 2006</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash and cash equivalents	\$ 222,303	\$ 210,154
Restricted cash	8,541	-
Marketable securities	44,849	90,348
Trade accounts receivable, net	185,118	159,933
Income taxes receivable	2,623	4,577
Deferred income taxes	24,242	21,465
Prepaid expenses and other current assets	<u>30,183</u>	<u>28,085</u>
Total current assets	<u>517,859</u>	<u>514,562</u>
Long-term marketable securities	3,937	6,079
Restricted Cash	6,449	-
Property and equipment, net	28,823	26,189
Goodwill	491,329	454,550
Other intangibles assets, net	139,553	154,695
Deferred income taxes	7,859	9,294
Other assets	<u>7,936</u>	<u>5,283</u>
Total assets	<u>\$ 1,203,745</u>	<u>\$ 1,170,652</u>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Current liabilities:		
Current portion of long-term debt	\$ 3,368	\$ 3,475
Accounts payable	25,135	26,137
Accrued compensation and benefits	82,289	88,245
Income taxes payable	2,604	3,195
Deferred income taxes	5,122	4,221
Deferred revenue	166,857	146,206
Other current liabilities	<u>90,833</u>	<u>74,882</u>
Total current liabilities	<u>376,208</u>	<u>346,361</u>
Long-term debt, less current portion	5,278	4,275
Deferred income taxes	8,351	9,039
Deferred revenue - non-current	15,417	10,840
Other long-term liabilities	<u>11,204</u>	<u>8,478</u>
Total liabilities	<u>416,458</u>	<u>378,993</u>
Stockholders' equity:		
Common stock	1,988	1,961
Additional paid-in capital	818,368	800,168
Treasury stock, at cost	(74,470)	(69,237)
Deferred stock-based compensation	-	(131)
Retained earnings	9,623	38,692
Accumulated other comprehensive income	<u>31,778</u>	<u>20,206</u>
Total stockholders' equity	<u>787,287</u>	<u>791,659</u>
Total liabilities and stockholders' equity	<u>\$ 1,203,745</u>	<u>\$ 1,170,652</u>

**LAWSON SOFTWARE, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(in thousands)

(unaudited)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>Feb 28, 2007</u>	<u>Feb 28, 2006</u>	<u>Feb 28, 2007</u>	<u>Feb 28, 2006</u>
<b>Cash flows from operating activities:</b>				
Net (loss) income	\$ (9,768)	\$ 10,007	\$ (29,069)	\$ 20,740
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:				
Depreciation	2,412	1,148	7,097	4,102
Amortization	7,502	2,133	22,102	6,471
Deferred income taxes	(1,158)	(1,167)	(822)	(1,102)
Provision for doubtful accounts	2,061	(199)	3,769	(1,303)
Tax benefit from stock option transactions	(752)	-	(1,785)	-
Tax benefit from stockholder transactions for option activity	582	2,446	1,434	4,255
Amortization of stock-based compensation	1,840	98	5,513	337
Stock-based compensation expense	-	-	-	6,368
Amortization of discounts on notes payable	-	(1)	-	17
Amortization of discounts on marketable securities	(140)	(274)	(375)	(311)
Net loss on sale of assets	135	-	137	-
Changes in operating assets and liabilities, net of effect from acquisitions:				
Trade accounts receivable	(10,665)	(716)	(9,492)	(5,637)
Prepaid expenses and other assets	(6,965)	(3,098)	(5,286)	3,628
Accounts payable	6,325	606	(2,073)	(935)
Accrued and other liabilities	2,672	(141)	(12,935)	(1,186)
Income taxes	542	1,870	(1,130)	4,327
Deferred revenue and customer deposits	<u>20,186</u>	<u>2,486</u>	<u>6,737</u>	<u>(1,146)</u>
Net cash (used in) provided by operating activities	<u>14,809</u>	<u>15,198</u>	<u>(16,178)</u>	<u>38,625</u>
<b>Cash flows from investing activities:</b>				
Cash paid in conjunction with acquisitions	(1,580)	(522)	(3,575)	(2,929)
Purchases of marketable securities	(26,671)	(23,704)	(100,420)	(116,425)
Maturities of marketable securities	60,237	21,277	148,010	72,773
Sales of marketable securities	-	-	500	-
Restricted cash designated	(1,522)	-	(14,990)	-
Purchases of property and equipment	<u>(5,204)</u>	<u>(1,855)</u>	<u>(10,677)</u>	<u>(2,967)</u>
Net cash used in investing activities	<u>25,260</u>	<u>(4,804)</u>	<u>18,848</u>	<u>(49,548)</u>
<b>Cash flows from financing activities</b>				
Principal payments on long-term debt	(378)	(717)	(1,351)	(1,684)
Cash proceeds from long-term debt	1,454	-	3,222	-
Payments on capital lease obligations	(445)	-	(1,406)	-
Exercise of stock options	2,971	3,526	10,055	9,266
Excess tax benefit from stock transactions	752	-	1,785	-
Issuance of treasury shares for employee stock purchase plan	694	1,240	2,023	2,737
Repurchase of common stock	<u>(5,900)</u>	<u>-</u>	<u>(5,900)</u>	<u>-</u>
Net cash provided by financing activities	<u>(852)</u>	<u>4,049</u>	<u>8,428</u>	<u>10,319</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(115)</u>	<u>-</u>	<u>1,051</u>	<u>-</u>
<b>Increase (decrease) in cash and cash equivalents</b>	39,102	14,443	12,149	(604)
Cash and cash equivalents at beginning of period	<u>183,201</u>	<u>172,697</u>	<u>210,154</u>	<u>187,744</u>
Cash and cash equivalents at end of period	<u>\$ 222,303</u>	<u>\$ 187,140</u>	<u>\$ 222,303</u>	<u>\$ 187,140</u>

**Reconciliation of Consolidated GAAP Net (Loss) Income to Consolidated Non-GAAP Net Income (Tax Effected)**  
(in thousands)

		<b>Three Months Ended</b>	<b>Three Months Ended</b>	<b>Nine Months Ended</b>	<b>Nine Months Ended</b>
		<b>Feb 28, 2007</b>	<b>Feb 28, 2006</b>	<b>Feb 28, 2007</b>	<b>Feb 28, 2006</b>
Net (loss) income, as reported		(9,768)	10,007	(29,069)	20,740
Purchase accounting impact on revenue	(1)	\$ 1,818	\$ -	\$ 10,288	\$ -
Purchase accounting impact on consulting	(4)	\$ 614	\$ -	\$ 614	\$ -
Acquisition of Intentia		\$ 1,804	\$ 750	\$ 9,356	\$ 3,665
Purchased maintenance contracts		\$ 863	\$ 981	\$ 2,711	\$ 2,969
Stock based compensation		\$ 1,839	\$ -	\$ 5,515	\$ 6,303
Restructuring		\$ 11,540	\$ -	\$ 14,900	\$ 5
Amortization		\$ 6,640	\$ 1,151	\$ 19,391	\$ 3,500
Other		\$ -	\$ -	\$ -	\$ (357)
Tax		\$ (3,959)	\$ (3,025)	\$ (12,224)	\$ (9,881)
Non-GAAP Net income		\$ 11,391	\$ 9,864	\$ 21,482	\$ 26,944

**Reconciliation of Consolidated GAAP to Consolidated Non-GAAP per Share Effect**  
(in thousands)

		<b>Three Months Ended</b>	<b>Three Months Ended</b>	<b>Nine Months Ended</b>	<b>Nine Months Ended</b>
		<b>Feb 28, 2007</b>	<b>Feb 28, 2006</b>	<b>Feb 28, 2007</b>	<b>Feb 28, 2006</b>
Net income, as reported	(2)	(0.05)	0.09	(0.16)	0.19
Purchase accounting impact on revenue	(1)	0.01	-	0.06	-
Purchase accounting impact on consulting	(4)	0.00	-	0.00	-
Acquisition of Intentia		0.01	0.01	0.05	0.04
Purchased maintenance contracts		0.00	0.01	0.01	0.03
Stock based compensation		0.01	-	0.03	0.06
Restructuring		0.06	-	0.08	0.00
Amortization		0.04	0.01	0.10	0.03
Other		-	-	-	(0.00)
Tax		(0.02)	(0.03)	(0.07)	(0.10)
Non-GAAP net income	(2) (3)	\$ 0.06	\$ 0.09	\$ 0.11	\$ 0.25
Weighted average shares - basic		187,666	103,572	186,962	102,384
Weighted average shares - diluted		190,790	108,033	190,307	106,877

**Summary of Non-GAAP items**  
(in thousands)

		<b>Three Months Ended</b>	<b>Three Months Ended</b>	<b>Nine Months Ended</b>	<b>Nine Months Ended</b>
		<b>Feb 28, 2007</b>	<b>Feb 28, 2006</b>	<b>Feb 28, 2007</b>	<b>Feb 28, 2006</b>
Purchase accounting impact on revenue	(1)	\$ 1,818	\$ -	\$ 10,288	\$ -
Purchase accounting impact on consulting	(4)	\$ 614	\$ -	\$ 614	\$ -
Acquisition of Intentia - pre-tax		\$ 1,804	\$ 750	\$ 9,356	\$ 3,665
Purchased maintenance contracts - pre-tax		\$ 863	\$ 981	\$ 2,711	\$ 2,969
Stock based compensation - pre-tax		\$ 1,839	\$ -	\$ 5,515	\$ 6,303
Restructuring - pre-tax		\$ 11,540	\$ -	\$ 14,900	\$ 5
Amortization		\$ 6,640	\$ 1,151	\$ 19,391	\$ 3,500
Other		\$ -	\$ -	\$ -	\$ (357)
subtotal pre-tax adjustments		\$ 25,118	\$ 2,882	\$ 62,775	\$ 16,085
Tax provision		\$ (3,959)	\$ (3,025)	\$ (12,224)	\$ (9,881)
Impact on net income		\$ 21,159	\$ (143)	\$ 50,551	\$ 6,204

(1) For the purchase accounting impact on deferred revenues for Three Months and Nine Months ended,

\$1,354 and \$7,212, respectively, relates to maintenance revenue and \$464 and \$3,076, respectively, relates to consulting revenue

(2) For calculation of EPS, basic weighted average shares are used with a net loss and diluted weighted average shares are used with net income

(3) May not total due to rounding

(4) Purchase accounting impact on consulting fees is a cumulative adjustment for fiscal year 2007

**LAWSON SOFTWARE, INC.**  
**SUPPLEMENTAL NON-GAAP MEASURES**  
**INCREASE (DECREASE) IN GAAP AMOUNTS REPORTED**  
(in thousands)  
(unaudited)

	Three Months Ended		Nine Months Ended	
	Feb 28, 2007	Feb 28, 2006	Feb 28, 2007	Feb 28, 2006
Revenue items				
Purchase accounting impact on maintenance	\$ 1,354	\$ -	\$ 7,212	\$ -
Purchase accounting impact on consulting	464	-	3,076	-
Total revenue items	1,818	-	10,288	-
Cost of license items				
Amortization of acquired software	(2,735)	(805)	(7,904)	(2,423)
Non-cash stock-based compensation	(7)	-	(21)	-
Total cost of license items	(2,742)	(805)	(7,925)	(2,423)
Cost of maintenance items				
Amortization of purchased maintenance contracts	(863)	(981)	(2,711)	(2,969)
Integration related (1)	-	-	(70)	-
Non-cash stock-based compensation	(33)	-	(110)	-
Total cost of maintenance items	(896)	(981)	(2,891)	(2,969)
Cost of consulting items				
Purchase accounting impact on consulting	(614)	-	(614)	-
Amortization	(1,440)	-	(4,233)	-
Integration related (1)	39	(24)	(1,712)	(262)
Non-cash stock-based compensation	(249)	-	(606)	(3)
Total cost of consulting items	(2,264)	(24)	(7,165)	(265)
Research and development items				
Integration related (1)	(56)	(62)	(74)	(179)
Non-cash stock-based compensation	(150)	-	(468)	(7)
Total research and development items	(206)	(62)	(542)	(186)
Sales and marketing items				
Integration related (1)	53	(35)	(1,489)	(900)
Non-cash stock-based compensation	(321)	-	(1,092)	(14)
Total sales and marketing items	(268)	(35)	(2,581)	(914)
General and administrative items				
Integration related (1)	(1,840)	(629)	(6,011)	(2,324)
Non-cash stock-based compensation (3)	(1,079)	-	(3,218)	(6,279)
Total general and administrative	(2,919)	(629)	(9,229)	(8,603)
Restructuring	(11,540)	-	(14,900)	(5)
Amortization of acquired intangibles	(2,465)	(346)	(7,254)	(1,077)
Other income (expense)	-	-	-	(357)
Tax provision (2)	(3,959)	(3,025)	(12,224)	(9,881)
Total Adjustments	<u>\$ 21,159</u>	<u>\$ (143)</u>	<u>\$ 50,551</u>	<u>\$ 6,204</u>

(1) Represents integration related expenses relating to the merger with Intenia International.

(2) Based on a projected annual global effective tax rate analysis, non-GAAP Q3 tax provision was calculated to be 37.4%.

(3) Non-cash stock-based compensation from 2005 relates to a stock option modification resulting in \$6.3M in expense under APB 25.

**Use of Non-GAAP Financial Information**

Use of Non-GAAP Financial Information In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, Lawson Software reports non-GAAP financial results. These non-GAAP results exclude amortization of all acquisition-related intangibles, Intenia integration costs, restructuring charges, certain stock-based compensation expenses and other expenses. In addition, Lawson's non-GAAP financial results include pro forma revenue for maintenance contracts acquired in the Intenia acquisition for which the deferred revenue on Intenia's balance sheet has been eliminated from GAAP results as part of the purchase accounting for the acquisition. Lawson's management believes the non-GAAP measures used in this press release are useful to investors because they provide supplemental information that research analysts frequently use to analyze software companies that have recently made significant acquisitions. Management uses these non-GAAP measures to evaluate its financial results, develop budgets and manage expenditures. The method Lawson uses to produce non-GAAP results is not computed according to GAAP, may differ from the methods used by other companies, and should not be regarded as a replacement for corresponding GAAP measures. Investors are encouraged to review the reconciliation of these non-GAAP financial measures to the comparable GAAP results, which is attached to this release. Additional information can be found on the investor relations page of Lawson's website at [www.lawson.com/investor](http://www.lawson.com/investor).