

Opportunity

Confidence

Strength



Overview of Fiscal 2005

Revenues: \$335.2 million

Net Income: \$5.3 million

Cash From Operations: \$32.9 million

Cash/Marketable Securities:
\$234.6 million

Debt: \$1.8 million

Clients:

More than 2,000 mid-market and large companies

Markets:

Service organizations in healthcare, retail, government, education, banking, insurance and other industries

Solutions:

Scalable business software applications tailored to service organizations

Architecture:

Flexible, web-based architecture that supports multiple hardware platforms

Employees:

Approximately 1,350 in U.S. and international offices

Founded: 1975

Profile

Lawson Software provides business application software, services and support, with a focus on service-sector enterprises including healthcare, retail, state and local government, K-12 education and financial services. Lawson's software includes financial, human resources, procurement, supply chain, distribution, retail operations, service process optimization and enterprise performance management applications, all of which are designed to help manage, analyze and improve its customers' businesses. Lawson's applications help automate and integrate critical business processes, allowing its customers to collaborate with their partners, suppliers and employees.

Healthcare

Lawson clients include more than 500 healthcare organizations representing more than 4,500 facilities, including eight of the top 10 integrated delivery networks.

Government and Education

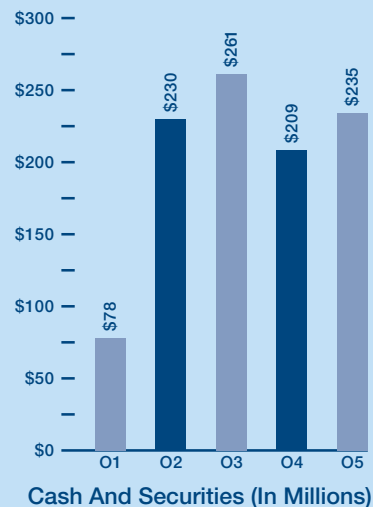
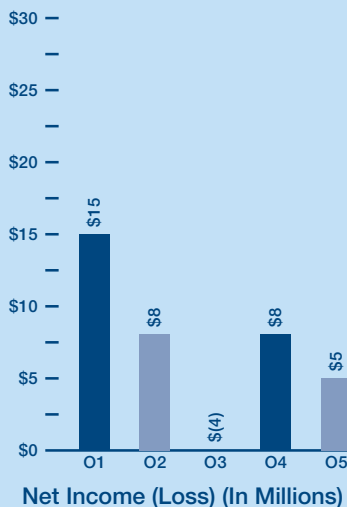
Lawson clients include more than 140 public sector organizations and 20 of the largest public authorities in the United States. Our education-related clients include the nation's 25 largest school districts, more than 1,300 schools and more than 50 college campuses.

Retail

Lawson clients 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.

Banking and Insurance

Lawson clients include more than 180 banking and insurance companies, including 23 percent of the commercial banks and savings institutions listed on the *Fortune* 500 and 12 percent of insurance companies listed on the *Fortune* 500.



Opportunity Confidence Strength

“Lawson finished the 2005 fiscal year with its strongest operating performance since the year of its initial public offering in 2001. Our solid performance continues in 2006 as we plan for future growth.”

Harry Debes
President and
Chief Executive Officer



To Our Stockholders,

June 2005 marked Lawson Software's 30th year of forging lasting relationships with customers, building leadership in key markets, developing innovative products and delivering high quality services. This milestone reflects Lawson's disciplined approach to building a business and our success in an industry where many of our competitors have come and gone. It also provides us with a strong foundation for growth in fiscal 2006 and beyond.

As we enter the second half of Lawson Software's 2006 fiscal year, we have solid progress to report on many levels. We saw improved financial performance in fiscal 2005, as well as continued solid business execution in fiscal 2006 as we unveiled strategic plans for future growth.

Improving Operating Performance

Lawson finished the fiscal year ended May 31, 2005, with its strongest operating performance since the year of its initial public offering in 2001. We increased net income and earnings per share in the second half of 2005 despite lackluster sales. Initiatives taken during fiscal 2005 are saving us approximately \$19 million a year, while revenue generation initiatives have begun to yield new license-sales opportunities. As a result, at year end fiscal 2005:

- Fourth quarter operating margin was the highest since our IPO, and we achieved double-digit operating margin in fiscal 2005.
- Cash and marketable securities increased to \$234.6 million.
- Debt remained low at \$1.8 million.

Throughout the first half of fiscal 2006, we continued to demonstrate solid sales execution and business performance. Highlights included:

- License revenues increased nearly 39 percent in the first six months ending Nov. 30, 2005, compared to the same period a year ago.
- Operating income of \$10.5 million in the first six months of fiscal 2006 compared favorably against the operating loss of \$7.3 million in the same period a year earlier.
- Cash and marketable securities increased to \$260.8 million by Nov. 30, 2005.
- With the increases in revenue and tighter expense control, our EPS in the first six months of fiscal 2006, at \$0.10 per diluted share, far exceeded our fiscal 2005 performance in the comparable period, which was a net loss of \$0.03 per share.

Our strong finish in fiscal 2005 and our continuing performance in the first half of fiscal 2006 demonstrate that we remain focused on our goal – **to drive operational improvement through ongoing productivity and efficiencies.**

Listening to Our Customers

Lawson has a well-earned reputation for customer focus, integrity and building lasting relationships. Throughout fiscal 2005 and into fiscal 2006, we added new initiatives designed to further improve customers' experiences across every part of our company. The ultimate measure of success for these initiatives is customer loyalty, and our now-regular customer surveys indicate we are increasing such loyalty.

Lawson also continued to deliver greater value to the markets it serves by...

- Offering Lawson Business Intelligence 9.0, a new product designed to extend the value that our customers get out of their existing investments in Lawson's ERP application suites
- Creating a co-development process through which 53 customers are involved either as lead adopters or beta customers, helping us produce solutions that tackle real customer needs
- Unveiling Project Landmark, a technology environment designed to increase overall application quality and improve the product lifecycle experience for Lawson customers, from construction to deployment, implementation, integration, support and upgrades

We understand that customers want a strong, viable software partner. We are fully committed to providing the meaningful relationships they have come to expect from Lawson.

Strong Foundation in Enterprise Software

Lawson has a strong foundation in the global enterprise software market. At the core of this foundation are rich assets built over the last three decades, including:

High-Quality, Scalable Products – One reason Lawson has endured and succeeded is that its financial, human resource and procurement applications are strong and competitive offerings. Lawson's products regularly win in head-to-head comparisons in our target markets against larger competitors.

Low Total Cost of Ownership – Not only is our functionality competitive, but it also comes with one of the lowest total costs of ownership in the industry.

Loyal Customers – Lawson has a long list of loyal, satisfied customers, including some of the biggest names in the healthcare, retail, public sector and banking and insurance markets.

Vertical Market Presence – Today, just a few years after targeting the healthcare market, Lawson is a recognized enterprise software leader in this market and has a rising presence in other service-sector markets.

Strong Financial Foundation – The true test of any business is what you do when times are tough. Lawson has weathered a challenging environment the past few years to emerge with a strong balance sheet, positive cash flow and improved operating margins, putting us in a very healthy financial position.

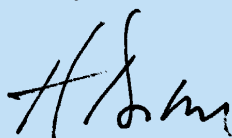
Combining Business Opportunities for Global Strength

Our pending acquisition of Intenia International AB, based in Stockholm, Sweden, is a business combination strategically designed to create a new global leader in enterprise software as well as the largest software provider dedicated to the mid-market customer segment. Both Lawson and Intenia believe that the strategic compatibility of our products and technologies will provide the combined business with a broader product platform from which we can actively pursue growth opportunities. We believe this is a winning combination for shareholders, customers, and employees. (For complete information, please refer to the enclosed proxy statement/prospectus.)

When you put all these attributes together, you see a company with tremendous potential. The leadership team is fully committed to realize that potential and to build Lawson into a strong, global competitor in the ERP industry. Fulfilling this vision will build value not only for our customers, but also for our stockholders, employees and partners.

Thank you for your continued support of our company.

Sincerely,



Harry Debes
President and Chief Executive Officer
February 1, 2006

Client Comments: Visionary, Helpful, Easy



“Lawson really turned out to be a visionary purchase for us. It gives us the opportunity to improve based on best practices it has observed in working with other customers.”

Kendall Keller, Senior Reporting Specialist, Pilot Travel Centers LLC, Knoxville, Tenn.

Pilot Travel is the largest interstate travel center operation in the nation, with \$7 billion in annual sales and 14,000 employees. It is the largest seller of over-the-road diesel fuel sold in the United States. Lawson’s Financials software helped Pilot Travel save hundreds of thousands of dollars a year, while reducing losses on inside sales, reducing the time it takes to close monthly financial books, better analyzing deli sales and reducing overtime.

“Automated controls keep folks informed on their current budget status and notify them immediately if their request will create a budgetary issue. The system helps to minimize potential contention between departments and finance, minimizes potential issues with vendor payments and allows departments to better manage spending for their programs and services.”

Dana Best, Manager of Budget and Finance, Cumberland County, Penn.

Cumberland County has a \$160 million annual operating budget and employs 1,240 people serving 215,000 residents. Lawson’s Financials, Human Resources and Procurement software helped Cumberland County realize savings of more than \$1 million, while helping to reduce purchasing levels, decentralize data entry tasks, triple purchase orders without hiring new staff and consolidate 17,000 account numbers into 1,500.



“With our old system, if you would have told me in October that we were going to finalize an acquisition by the end of November and start paying the employees by January 1, I would have said that you were crazy. With Lawson, it was relatively easy to do.”

Jon Doody, Team Leader, HR and Payroll Technology, Hannaford Bros. Co., Scarborough, Maine

Hannaford owns and operates more than 143 retail locations, three distribution centers and a transportation company that serve its stores as well as 28 independent supermarkets. Lawson’s Human Resources software helped Hannaford save more than \$500,000, while preventing erroneous payment of health benefit claims, transferring 100,000 personnel actions from paper to online, eliminating 250,000 personnel action faxes and shifting up to 600 monthly transactions from manual data entry to manager self-service.

“BECU managers must frequently make staffing decisions which affect the financial efficiency of the organization. Prior to Lawson, they would have had to request this information from Human Resources. Now they can get it directly from the system.”

Greg Stannard, Senior Human Resources Consultant, Boeing Employees’ Credit Union, Tukwilla, Wa.

With approximately \$4.5 billion in assets, Boeing Employees’ Credit Union (BECU) is the nation’s third largest credit union. It serves 330,000 members and employs 1,000 people. Lawson’s Human Resources software helped BECU decrease routine employee inquiries to the human resources department, reduce or eliminate paperwork associated with human resource tasks, increase employee compliance with reporting requirements and speed up timesheet processing.



2005 Highlights by Industry

“Lawson provided all the things we were looking for. Our IT and finance staff also felt the Lawson products could meet our needs for many years into the future and grow with us.”

Donna Clark, Finance Director, Buncombe County, N.C.

During fiscal 2005 Lawson signed 434 software licensing deals and recognized \$57.7 million in license revenues. Nearly one-third of these deals were with new clients. Ten deals were more than \$1 million in size. More than one-third of existing Lawson clients purchased additional software during the year.

Lawson provides ERP software and related services to many industry sectors. Major developments in our target markets during the year included the following:

Healthcare

Our Healthcare group continued to lead the charge during 2005, adding more than a dozen new clients. These included competitive wins such as with Sioux Valley Hospitals & Health System in Sioux Falls, S.D., where Lawson’s superior functionality and proven integrated system for healthcare environments were clear, deciding factors over the competition.

Other significant deals during 2005 included those with New York-Presbyterian Hospital in New York City; Pomona Valley Hospital Medical Center in Pomona, Calif.; the Detroit-based Barbara Ann Karmanos Cancer Institute; Tufts-New England Medical Center in Boston; Gwinnett Health System of Lawrenceville, Ga.; Danville, Pa.-based Geisinger Health System; and St. Luke’s Episcopal-Presbyterian Hospital and Children’s Memorial Hospital of Chesterfield, Mo.

Healthcare clients who went live on Lawson software during the year included San Francisco-based Catholic Healthcare West; Louisville, Ky.-based Jewish Hospital HealthCare Services; and Miami Children’s Hospital.

Government and Education

Our Government and Education group continued to build momentum as well during fiscal 2005 by signing several significant contracts. Among those valued at \$1 million or more were deals with the Chicago Housing Authority and North Central Texas Council of Governments of Arlington, Texas.

Other significant deals during the year included those with Education Management Corp. of Pittsburgh; the City of Waterbury, Conn.; Carpentersville, Ill.’s Community Unit School District 300; and California-based Tiburon Inc., a public safety and justice information systems vendor.

Eleven clients went live on Lawson software during the year, including Orange County Transportation Authority; Cumberland County, Pa.; and Montgomery County, Pa.

Retail

We won multiple significant contracts in Retail during the year, including those with St. Louis, Mo.-based Build-A-Bear Workshop Inc.; Ocean State Job Lot of North Kingstown, R.I.; Tempe, Ariz.-based Safeway Inc.; and Los Angeles-based Smart & Final Inc.

Banking and Insurance, Other Markets

We continued to expand our offerings into banking and insurance firms and other large services organizations. Wins during the year in this category also included a multi-million dollar software and services contract with Univar USA, a leading U.S. chemical distributor.

“We wasted no time and were able to hit the ground running with our recent implementation of Lawson Human Resources. The transition between the Lawson sales representative and his services team was seamless. They listened to our needs and are delivering what they promised.”

Brook Meadows, Director of Human Development, AAA Cooper Transportation, Dothan, Ala.

Stockholder Information

Meeting of Stockholders

Lawson Software's stockholder meeting will be held at the company's corporate headquarters: 380 Saint Peter Street, Saint Paul, Minnesota. Meeting date and time are listed in the enclosed proxy statement/prospectus.

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 651-767-4890 or sending a written request to:

Investor Relations
Lawson Software
380 Saint Peter Street
Saint Paul, Minnesota 55102

Independent Auditors

PricewaterhouseCoopers LLP

Forward-looking Statements

This corporate report contains forward-looking statements that contain risks and uncertainties. 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. Risks and uncertainties that may cause such differences include but are not limited to: uncertainties in the company's ability to realize synergies and revenue opportunities anticipated from the Intenia International acquisition; 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 Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission and as included in other documents the company files from time to time with the Commission.

Stock Registrar and Transfer Agent

Mellon Investor Services, LLC
480 Washington Boulevard
Jersey City, New Jersey 07310
1-888-213-0965

Corporate Offices

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380 Saint Peter Street
Saint Paul, Minnesota 55102
651-767-7000

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, go to www.lawson.com/investor.

Corporate Headquarters

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