

Proposal of the Board of Directors of Orc Software AB (publ), reg. no. 556313-4583, on principles for remuneration and other terms of employment for the Executive Management Team

The Board of Directors has prepared a proposal on principles for remuneration and other terms of employment for the Executive Management Team. Orc Software takes account of global remuneration practice together with the practice of the home country of each individual in the Executive Management Team. The Board of Directors shall have the right to deviate from the principles decided at the Annual General Meeting if there are specific reasons for this in an individual case.

The basic principles for the remuneration structure for 2007 are:

- To promote agreement between employees and shareholders regarding their long-term view of operations.
- To ensure that employees receive remuneration that is competitive and in line with the market which makes it possible to retain and recruit personnel.
- To offer salary levels based on the results achieved, duties, competence, experience and position.

Orc Software's remuneration for the Executive Management Team comprise of: Fixed salary, annual variable salary and in certain cases pension, other benefits and terms for termination of the contract of employment and conditions for severance pay.

A salary review is made every year for members of the Executive Management Team. The review takes into account market salary trends, employee performance, changes in areas of responsibility, the development of the company and local agreements and regulations.

Information about already agreed remuneration for the Executive Management Team can be found in the Annual Report, Note 7.

Stockholm March 2007
Orc Software AB
Styrelsen