



Report by the Board of Directors of Orc Software AB (“the Company”) regarding the results of their evaluation of remuneration in accordance with section 10.3 of the Swedish Code of Corporate Governance

The Company’s Board of Directors has a remuneration committee. The composition of the committee is presented at www.orcsoftware.com/About-Orc/About-Orc-Group/Board-of-Directors/. The remuneration committee has reviewed the Company’s remuneration and remuneration guidelines, performed the following evaluation and reported the results of the evaluation to the Board of Directors.

Objectives for the Company’s remuneration

The Company’s basic principles for the remuneration structure in 2010 are:

- To align the long-term interests and objectives of the employees with those of the shareholders.
- To ensure a market-based and competitive level of compensation that enables the company to attract and retain employees.
- To offer an individualized salary based on each employee’s performance, work duties, expertise, experience and position.

Variable salary to the Executive Management

Information about variable salary to the Executive Management¹ is available on www.orcsoftware.com/About-Orc/Corporate-Governance-/Remuneration/ and in the Company’s annual report.

The annual variable salary component is designed to encourage and reward performance that has a positive impact on the Company’s financial results.

According to the Board’s assessment, the programs for variable salary to the Executive Management function as intended.

Share- and share price-related incentive schemes

Share- and share price-related incentive schemes should be designed to promote a greater alignment of interests between the participating executives and the Company’s shareholders, and thereby create incentives for positive share price performance.

According to the Board’s assessment, the share- and share price-based incentive schemes function as intended.

Guidelines for remuneration to senior executives

The applicable guidelines for remuneration to senior executives are available at www.orcsoftware.com/About-Orc/Corporate-Governance-/Remuneration/ and are described in the Company’s annual report.

The guidelines are designed to enable the Board to structure remuneration to the Company’s senior executives in accordance with the Company’s stated objectives for remuneration.

According to the Board’s assessment, the guidelines are well constructed.

¹ The Executive Management refers to the CEO and all members of the Company’s management for whom the Company separately reports salary and other remuneration in accordance with Chapter 5, §20 of the Annual Accounts Act (1995:1554) (“ÅRL”).



Remuneration structures and remuneration levels

According to the Board's assessment, the remuneration structures and remuneration levels in the Company are well adapted to meet the Company's objectives for remuneration as described above.

Stockholm, April 2011
Orc Software AB
The Board of Directors