

N.B. The English text is a translation of the Swedish text. In case of discrepancy between the Swedish and the English text the Swedish version shall prevail.

REPORT FROM THE BOARD OF DIRECTORS ACCORDING TO CHAPTER 13 SECTION 7 OF THE SWEDISH COMPANIES ACT (2005:551)

The Board of Directors of Orc Software AB (publ), Org. Reg. No. 556313-4583 ("**Orc Software**") hereby present the following report according to chapter 13 section 7 of the Swedish Companies Act with reference to the Board of Directors' proposal for the Extraordinary General Meeting to be held on 16 February 2010 to resolve on an issue of new shares.

Report of the non-cash consideration

The shareholders in Neonet AB (publ) ("**Neonet**") are entitled to subscribe for a maximum of 8,133,264 shares in Orc Software. The non-cash consideration consist a maximum of 65,066,114 shares in Neonet.

Based on an analysis of Neonet and of the information about Neonet that has been disclosed in Neonet's annual report, the Board of Directors is of the opinion that the non-cash consideration has a value for Orc Software that at least corresponds to the value of the compensation, the maximum 8,133,264 shares issued by Orc Software, and accordingly that the non-cash consideration has not been valued higher than its actual value for Orc Software. The Board of Directors' opinion of the value of the non-cash consideration is based on an analysis performed by an external advisor that, together with the Board of Directors, has assessed the future value of the merging companies based on synergies and benchmarking of similar deals. The Board of Directors is of the opinion that the applied valuation methods are supportive of the value that has been affixed to Neonet in connection to the acquisition and that the non-cash consideration is or can be assumed to be of benefit for the company's operations. According to applicable accounting standards, the value of the non-cash consideration shall be based on the value of the Orc Software share on the day of the transaction. Based on the latest share price at close at the time of this report, SEK 146.50 as per 27 January 2010, the Board of Directors has calculated the compensation for the non-cash consideration, if the Offer is fully subscribed for, to SEK 1,191,523,176. If the Offer is fully subscribed for, the non-cash consideration shall be booked at the abovementioned amount in the company's balance sheet, with the addition of transaction costs. According to applicable accounting standards, the value may however fluctuate based of the share price of the Orc Software share on the transaction date.

Neonet's annual reports for the financial years 2007 and 2008 are available at Orc Softwares offices.

Stockholm, 27 January 2010

Orc Software AB (publ)
The Board of Directors

Markus Gardien (chairman)

Katarina G. Bonde

Patrik Enblad

Lars Granlöv

Eva Redhe Ridderstad

Carl Rosvall