



Corporate Governance Report

Orc Software has been subject to and complied with the Swedish Code of Corporate Governance since July 1, 2008. The Company's corporate governance is exercised through general meetings of shareholders, the Board of Directors and the Chief Executive Officer. The Company's independent auditors examine the Orc Software's administration by the Board of Directors and the Chief Executive Officer and audit its financial accounts and accounting practices.

This report has not been examined by Orc Software's auditors.

Shareholders

General Meetings of Shareholders are the highest decision-making body through which the shareholders exercise their influence over the Company through, for example, the election of Board members and auditors and by voting on other motions that are put before the Annual General Meeting for resolution.

The Annual General Meeting of Orc Software held on April 29, 2009 resolved to re-elect sitting Board members Katarina Bonde, Patrik Enblad, Markus Gerdien, Lars Granlöf, Eva Redhe Ridderstad and Carl Rosvall. Lars Bertmar declined re-election. The Annual General Meeting also resolved on matters such as: criteria for appointment of the Nominating Committee, fees to be paid to the Board of Directors, Board committees and auditors, principles for remuneration of senior executives and incentive schemes, authorization for the Board to decide on the acquisition and transfer of treasury shares and the authorization to issue new shares. The minutes from the 2009 Annual General Meeting can also be viewed at the Company's website www.orcsoftware.com.

Nominating committee

A Nominating Committee has been appointed in accordance with the rules established by the Annual General Meeting in April 2009. The committee consists of Stefan Roos (Chairman) (SEB Asset Management), Kerstin Stenberg (Swedbank Robur funds), Peter Rudman (Nordea Fonder), Peter Larsson (Monterro Holdings Ltd) and Frank Larsson (Handelsbanken Fonder).

The committee issues recommendations regarding Orc Software's Board Chairman and other members of the Board of Directors, the apportionment of director fees, the chairman of the Annual General Meeting, principles for appointment of the Nominating Committee, election of auditors (when applicable) and the fees to be paid to the auditors. In the event of changes in the largest shareholders during the nomination process, the composition of the Nominating Committee shall be modified to reflect such changes.

The nominating committee can be contacted by e-mail or letter.

E-mail: nominatingcommittee@orcsoftware.com

Address: Nominating Committee, Orc Software, Box 7742,
SE-103 95 Stockholm, Sweden



Board of Directors

The Board makes decisions primarily regarding the Company's strategic focus, organizational issues and major investments. Since the 2009 Annual General Meeting, Orc Software's Board of Directors consisted of six members. All Board members are elected by the Annual General Meeting. The Chief Executive Officer and Chief Financial Officer have a reporting role at Board meetings, where the Company's General Counsel participates as secretary.

All Board members may be regarded as independent in relation to the Company, its management and its major shareholders.

In 2009, the Board of Orc Software held 12 meetings. At each scheduled meeting, the Board addresses issues such as investments, market development, the Company's financial position and other significant matters affecting the Company. During the year, the Board also discussed matters relating to the annual report, interim reports, the budget, overall strategic matters and market analysis. The Chief Executive Officer has provided ongoing information on strategic, economic and financial matters.

On a yearly basis, the Board adopts rules of procedure that are used as a control instrument for the work of the Board. The rules of procedure define the Board's tasks, the agenda for the first Board meeting following the Annual General Meeting and other Board meetings, financial reporting to the Board, preparation of the Board's work assignments, rules for the minutes of Board meetings and the number of Board members necessary to form a quorum. In addition, written instructions for the Chief Executive Officer are adopted and issued.

Attendance at Board meeting in 2009 is presented below.

MEMBERS OF THE BOARD IN CONNECTION WITH THE 2008 ANNUAL GENERAL MEETING	ATTENDANCE IN 2009
Markus Gerdien	12 of 12
Lars Bertmar	4 of 4 (declined reelection at Annual General Meeting)
Katarina Bonde	9 of 12
Patrik Enblad	10 of 12
Carl Rosvall	11 of 12
Eva Redhe Ridderstad	9 of 12
Lars Granl�f	11 of 12

Audit Committee

In 2008, the Board established an Audit Committee, which continued its work during 2009. The members of the Audit Committee are Lars Granl f (Chairman), Eva Redhe Ridderstad and Carl Rosvall. The Company's CFO acts as a reporting member and secretary of the Committee. In addition,



the Company's auditor usually attends the meetings. The Committee's mandate is consistent with the rules contained in the Swedish Code of Corporate Governance, but the committee may also be assigned other tasks. The Audit Committee has no decision-making authority.

In 2009, the committee held four meetings, of which all members participated in three. One meeting was attended by two of the three members.

Remuneration Committee

The Board's Remuneration Committee consists of Markus Gerdien and Patrik Enblad, with the Company's Chief Financial Officer as a reporting member. The Remuneration Committee prepares and discusses proposals regarding incentive schemes, benefits and salaries, including sales commissions and bonuses for the Company's Executive Management and other employees. Decisions are made by the Board of Directors.

In 2009, the committee held four meetings, in which all members participated.

Executive Management

Orc Software's Executive Management consists of Thomas Bill (Chief Executive Officer), Anders Berg (Chief Financial Officer), Peter Bergson, (General Counsel), Matteo Carcano (President Europe, Middle East and Africa), Greg Chambers (President Asia-Pacific), Joakim Dahlstedt (Chief Technology Officer), Anders Henriksson (CEO CameronTec AB), Martin J. Leamy (President Americas), Fredrik Skogby (VP Corporate Development), Hugh Stables (VP Engineering), Christine Blinke (VP Marketing and Investor Relations), Jesper Alfredsson (VP Product Management), and Joacim Wiklander (VP Strategic Initiatives).

Auditor

The Annual General Meeting on April 25, 2007 elected Ernst & Young AB, with auditor in charge Ola Wahlquist, for a mandating period of four years.

Internal control over financial reporting

Introduction

According to the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for the Company's internal control. This description has been prepared in accordance with the Swedish Code of Corporate Governance, sections 10.5 and 10.6, and is thereby limited to internal control over financial reporting. The following description does not constitute part of the formal annual report.

Control environment

The control environment consists of Orc Software's culture, values, focus on expertise and organization with clearly defined powers and responsibilities, together with the policies adopted by the Board, the guidelines established by the Executive Management and the routines used in operating activities. The policies, guidelines and routines are reviewed at least once annually, but are adapted continuously in respect of changes in the Company's operations.



Risk assessment and control activities

Because all signing of contracts and all invoicing are carried out by the Parent Company, and the Parent Company comprises the largest unit in the development and service organization, a large share of the risks related to financial reporting are concentrated there. This facilitates ongoing risk assessment and control activities within the Group. Risk assessments and control activities are performed continuously through, for example the established routines for signing of customer contracts, ongoing dialogue in the Executive Management, activities in the controller function, continuous development of the IT support systems that are used, initiatives from the Audit Committee and reporting to the Board, not least in connection with the quarterly reports. An important part of this naturally consists of the audit carried out by the Company's independent auditor. See also Separate audit function.

Information and communication

The Board has adopted an information policy that is presented to all new employees and is available on the corporate intranet. Internal documents, etc., are updated as needed and information about these is disseminated continuously throughout the organization.

Monitoring

At each scheduled Board meeting, the Board reviews the Company's financial reporting, forecasts, etc. The Company regularly evaluates the guidelines, routines, etc., that safeguard the quality of the financial reporting and ensures that corrective action is taken where needed. Significant deficiencies are reported to the Audit Committee and the Board.

Separate audit function

The Board of Directors has evaluated the need for a separate audit function and has come to the conclusion that no such function is needed. The decision was based on such considerations as the risks and control activities in Orc Software's operations being concentrated in the Parent Company and the fact that the Board has appointed an Audit Committee which, like the entire Board of Directors, actively monitors the quality of the Company's financial reporting, and on the other conditions described above.

Management initiates special audits annually, involving independent experts, including the Group's external auditors. Their reviews are reported to the audit committee and to the Board.

Deviations from the Code

During 2009, the Company's Corporate Governance did not deviate from the Swedish Code of Corporate Governance.