



Press release
December 28, 2005

Orc Software makes strategic acquisition in the FIX technology area

Orc Software has signed an agreement to acquire Cameron Systems of Australia, the world's leading supplier of Financial Information eXchange platforms (FIX), for a maximum of USD 32 million (SEK 256 million). The acquisition of Cameron gives Orc Software access to leading edge FIX technology and an additional client base of over 170 customers in 25 countries. Cameron has supplied FIX solutions to customers such as CSFB, UBS, Barclays Capital, Nomura Securities, and Bank of America.

The acquisition:

- Orc Software to become a world leading connectivity supplier and thereby strengthening its position as global leader in trading systems
- Cameron is a fast growing company (> 50%) with high profitability (EBIT margin > 35%)
- EPS enhancement expected already in 2006
- Revenue synergies are expected to be significant, exceeding SEK 30 million annually from 2008
- OMX committed to base its future FIX connectivity for the exchange industry on Cameron's product suite

In addition the Board of Directors:

- Reiterates its Q4 forecast of achieving an operating margin of at least 15 percent
- Intends to propose a dividend of SEK 50 million

Cameron is expected to achieve sales for the financial year ending June 30, 2006 in excess of USD 8.5 (5.5 for the financial year ending June 30, 2005) million, with an expected operating income exceeding USD 3.5 (1.5) million.

The acquisition of Cameron will be financed using USD 11 million (SEK 88 million) of cash and USD 10 million (SEK 80 million) in Orc shares. The acquisition is conditional upon the shareholders of Orc Software approving the Board's decision of a directed share issue at an Extraordinary General Meeting (EGM). The share consideration consists of approximately 500 000 newly issued shares and Orc Software's previously repurchased 513 500 shares. The EGM is to be held at the end of January 2006. Notice to attend the meeting will be sent out during the second week of January 2006. OMX has undertaken to vote in favor of the transaction.

An additional purchase price of up to USD 11 million in cash (SEK 88 million) may also be paid depending on Cameron's financial performance for the current financial year, ending June 30, 2006.

As previously announced in the Q3 report, the Board of Directors has reviewed the capital structure and decided to propose the Annual General Meeting to distribute SEK 50 million, which exceeds the company's dividend policy. The reason for the extra dividend is the company's strong financial position, coupled with good future prospects and an expected continued positive cash-flow generation.

The Board reiterates its previously announced projection of an operating margin of at least 15 percent for the fourth quarter 2005.

Reasons for the acquisition

FIX is a standard for transferring electronic messages between participants within the financial markets. This standard is used to increase automation and efficiency. As FIX has become the global standard within the financial industry, the need for Orc Software to be able to provide a competitive FIX solution has increased.

Orc Software and Cameron are market leaders in their respective business areas. Orc Software develops and sells systems that provide direct global market access and connectivity to currently over 100 electronic markets. Cameron is the world's leading provider of FIX platforms and has more than 170 clients.

The acquisition allows the new Group to target the combined customer base with a unique product range and gives Orc Software greater international competitive strength. Both companies are focused on growth with retained profitability and top-quality products. For Cameron's customers, Orc Software brings access to over 100 international markets through their market connectivity. Direct market access to exchanges will be available from the CameronFIX platform.

In addition, the combination of Cameron's and Orc Software's products strengthens the two companies' ability to meet the new demands for transparency in trading that legislation such as MiFID (Markets in Financial Instruments Directive) places on customers.

Synergies

The acquisition will imply integration of the product range, which in turn will open up new market segments and new clients for both entities to pursue. Based on the perceived attraction of the offering Orc Software expects synergy effects to be substantial. Total yearly revenue synergies are estimated to exceed SEK 30 million by 2008, but some effects are expected already in 2006.

The direct effects are related to sales of Cameron FIX components to Orc clients and Orc Software's direct market access interfaces to Cameron's clients. This is an effect of the low overlap between customers. In addition there will be minor cost synergies within administration.

Over time as the product ranges are fully integrated, synergy effects are expected to be related also to Orc Software's improved ability to market the offering to exchanges in cooperation with OMX.

Comments to the transaction

"Together Orc and Cameron will provide a unique product range enabling our customers to connect their customers and partners, in order to automate order flows to a much larger extent", says Jonas Lindström, CEO of Orc Software.

Magnus Böcker, Chairman of Orc Software says: "We expect Orc Software's increased competitiveness following the acquisition of Cameron Systems to be significantly value enhancing to our shareholders."

Cameron's founder and CEO, John Cameron says: "Since reaching our position of market leader in the FIX space, we at Cameron Systems have been giving considerable thought how to best take our company to the next level. Orc's comprehensive high quality, high performance market connectivity is a natural complement to our range of FIX direct market access (DMA) products. This is a great deal for Orc, Cameron, our respective customers and partners, and the FIX protocol itself", says John Cameron.

Markus Gardien, President OMX Technology says: "OMX and Orc Software have decided to collaborate on implementing the FIX interface to OMX different systems. The objective is to use the leading technical solutions from Cameron as the FIX interface to OMX systems, and more broadly to leverage Cameron's knowledge of the FIX protocol."

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Advisors

Financial advisor to Orc Software was HDR Partners. Financial advisor to Cameron Systems was Marlin & Associates.

About Orc Software

Orc Software provides advanced technology for trading, market making and brokerage. Its sophisticated platform offers connectivity to over 100 markets across multiple asset classes. With Orc technology, customers can find more trading opportunities, develop more complex trading strategies and deliver higher profits on each trade.

More than 200 customers in 23 countries rely on Orc Software, including investment banks, trading and market making firms, brokerage houses, institutional investors and hedge funds.

Founded in 1987 and headquartered in Stockholm, Orc Software has over 190 employees across 14 offices in 12 countries and is listed on the Stockholm Stock Exchange (SSE: ORC). In 2004, the company's total revenues were SEK 247 million with an operating income of SEK 30 million. www.orcsoftware.com

About Cameron Systems

Cameron Systems, the only globally proven Financial Information Exchange protocol (FIX) trading solutions provider, celebrates four years of success in 2005 with more connections, more customers and more products. Cameron continues to help grow financial markets worldwide by actively supporting and playing a leading role in the expansion of the FIX protocol.

With offices located in New York, London, Shanghai and Sydney, Cameron works with its network of global partners and its worldwide customer base to deliver greater efficiencies for all FIX messaging for market data, trade and post trade across Equities, Fixed Income, Futures & Options and Foreign Exchange.

The world's leading securities and financial firms have selected the Cameron platform. These include Fidelity Management and Research, Knight Securities, International Securities Exchange, UBS, CSFB, Citigroup, Barclays Capital, Citadel Investments, Charles River Development, Bank of America, CIBC World Markets, MarketAxess, Latent Zero, Gartmore Investment Management, MFS Investment Management, Nomura Securities, Standard Chartered Bank, Macquarie Securities and Dresdner Kleinwort Wasserstein.

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