

This is an English translation of the Swedish original. In the event of any discrepancy between this translation and the Swedish original, the Swedish original shall prevail.

The Board of Directors' of Orc Software AB (the "Company") proposed resolutions for (A.) the implementation of a global options program for employees of the Company and its subsidiaries (the "Orc Software-group") and (B.) the issue of warrants on a non-pre-emptive basis to the subsidiary Ord Software Stockholm AB to fulfil the obligations under the options program and the approval of the transfer of warrants and allotment of options to acquire newly issued shares in the Company to employees within the Orc Software-group etc.

A. Implementation of a global option program

The board of the Company proposes that the general meeting resolve to implement a global options program (the "Options Program 2006") in accordance with the following principal conditions and guidelines.

A.1. Background and description

Reasons for the proposal

The Board of Directors is convinced that Options Program 2006 will benefit both the employees participating in the program as well as the Company's shareholders and that it will contribute to the possibility to recruit and maintain competent employees. An options program that enables employees to participate in the company's long-term growth maintains the confidence in the Company and will increase the share value. Options Program 2006 is also expected to result in increased commitment and motivation among its participants and to strengthen the participants' ties to the Orc Software-group. Options Program 2006 is intended to include approximately 210 current and future senior executives and other employees within the Orc Software-group in Sweden and the following countries: Australia, Hong Kong, Italy, Canada, Russia, Switzerland, Great Britain, Germany, United States and Austria.

Issue of warrants, transfer of warrants to employees in Sweden and allotment of rights to acquire newly issued shares in the Company to employees outside Sweden

In order to implement Options Program 2006 in an efficient and flexible manner, the Board of Directors proposes that the general meeting resolve to issue warrants to the wholly-owned Swedish subsidiary Orc Software Stockholm AB, org.nr. 556510-5367 ("Orc Software Stockholm"), on a non-pre-emptive basis, with a right to subscribe for not more than 400,000 shares and with a right and obligation for Orc Software Stockholm to transfer or otherwise dispose of the warrants in order to fulfil the obligations under Options Program 2006. As set out below, it is proposed that employees in Sweden be offered to acquire issued warrants at market price. Furthermore, it is proposed that employees outside Sweden be allotted rights free of charge to acquire newly issued shares in the Company as set out below (the "Options").

Costs for Options Program 2006

The aggregate effect of Options Program 2006 on the profit and loss account will vary depending on the allotment of Options to employees abroad free of charge, changes in the share price, the size of the social security charges and the Company's tax rate. Warrants transferred at market price to employees in Sweden causes neither costs in relation to the profit and loss account nor any negative impact on the cash flow.

The principal costs for the program 2006 consist of salary costs, social security charges for employees outside Sweden and are estimated at approximately MSEK 1.9 – 2.2 depending on the established market value of the Option at the time of the allotment and the development of the value of the option premium during the term of the Option.

The estimated costs above are brought about partly by accounting related salary costs under IFRS 2 and partly by social security charges. Under IFRS 2 costs corresponding to the market value of the option at the time of allotment multiplied by the number of Options that have been allotted free of charge are accounted for as salary costs. These costs are brought forward evenly during the vesting period. The social security charges for the Options allotted free of charge are calculated at the time of allotment as the market value of the Option multiplied by relevant social security charges. These costs are also brought forward evenly during the vesting period. However, changes to the estimated social security charges are continuously carried as an expense concurrently with the development of the share price during the term of the Option. As a result, the total costs are distributed unevenly during the period 2006-2009 and the estimated total costs may further deviate due to changes in the social security charges as a result of the development of the price of the option during the term of the Option.

The accounting related costs under IFRS 2 do not affect the Group's cash flow, whereas the social security charges will affect the cash flow at the time of the exercise of the relevant options.

The costs are to be viewed in relation to the Company's total salary costs that amounted to SEK 130,934,000, including social security charges, in 2005.

Future continuous administrative costs for the program 2006 are estimated to around SEK 300,000.

Effects on important key ratios

Under IAS 33 both the pre-dilution result per share and the post-dilution result per share must be accounted for. Options only result in a dilution where the average share price during the period exceeds the exercise price of the Options. As a result, the key ratio result per share after dilution will vary from period to period depending on the development of the stock market price.

On the assumption that the proposed options program had been implemented during the financial year 2005, the result per share after dilution during the current financial year would have decreased from SEK 1.40 to SEK 1.36.

Dilution

Options Program 2006 includes not more than more than 400,000 shares. Based on the current number of shares, the proposed Options Program 2006 would result in a dilution of not more than approximately 2.6 per cent of the shares and votes in the Company.

Other share related option programs

The Company has currently no other outstanding share related options program.

Preparation of the proposal

The proposals have been prepared together with external adviser and have been subject of deliberations by the remuneration committee and the Board of Directors at 8 meetings. The proposals were approved by the Board of Directors on 9 November 2006.

Future options programs

It is the intention of the Board of Directors that the program be a recurring and that the matter be submitted to the 2008 annual general meeting.

Principal conditions and guidelines for the Options Program 2006

Employees in Sweden

- a) An offer to acquire and an allotment of warrants include present and future employees in Sweden. An offer to acquire and an allotment of warrants must be decided by the Board of Directors as follows. The managing director and other senior executives of the Company may be offered and allotted up to 40,000 warrants per person. Senior executives of the company's subsidiaries may be offered and allotted up to 25,000 warrants per person. Other employees of the Orc Software-group may be offered and allotted up to 7,000 warrants per person. Upon offering and allotting warrants the employee's performance, position within, and contributions to the Orc Software group shall be taken into consideration. All employees in Sweden are guaranteed an allotment of 200 warrants.
- b) The employees' acquisition of warrants shall be made at market value. According to a valuation by Deloitte Valuations the market value of each warrant amounted to SEK 9.52 as per the market conditions on 22 November 2006. The value has been calculated based on a customary valuation method (Black Scholes) taking into account the share price and other current market conditions as per 22 November 2006. A corresponding valuation will be made in connection with allotment.

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- c) An offer to acquire and an allotment of warrants must be made prior to the 2007 annual general meeting.
 - d) During the exercise period which shall run from, and including, 1 January 2009 until, and including, 31 December 2009, the warrants may be exercised for subscription of newly issued shares in the Company on the last bank day of each calendar month.¹
 - e) Each warrant entitles the holder to subscribe for one share in the company at a subscription price of 120 % of the volume-weighted average price paid per share in the Company on the Stockholm Stock Exchange during the period from, and including 4 December until and including 15 December 2006. In the absence of a quoted price paid per share on any of the relevant days, the quoted closing bid price shall instead be included for the purposes of the calculation. A day without a quoted price paid per share or a quoted bid price shall not be included in the calculation. The calculated exercise price shall be rounded off to the nearest 50 öre, so that 24 and 74 öre are rounded down and 25 and 75 öre are rounded up.
 - f) The number of shares that may be subscribed for by exercising the warrants and the exercise price to be paid for each such share are subject to re-calculation in the event of a bonus issue, new share issue, issue of warrants or convertible debentures and in certain other cases on customary terms.
 - g) The Board of Directors is responsible for further details and the further handling of Options Program 2006 within the scope of the principal conditions and guidelines set out above.

Employees outside Sweden

- a) Each Option entitles the holder to acquire one newly issued share in the Company. The allotment of the Options is decided by the Board of Directors as follows. Senior executives of the Company may be allotted up to 40,000 Options per person. Senior executives of subsidiaries to the Company may be allotted up to 25,000 Options per person. Other employees of the Orc Software-group may be allotted up to 7,000 Options per person. Upon the allotment of Options the employees' performance, position within, and contributions to the Orc Software group shall be taken into consideration. All employees outside Sweden are guaranteed an allotment of 200 Options.
- b) The allotment of Options are made free of charge. According to a valuation made by Deloitte Valuations the market value of each Option amounted to

¹ Due to the Company's policy regarding trading restrictions in conjunction with interim reporting, holders of warrants may in practice subscribe for new shares two times each quarter of a year. These occasions are on the last bank day in January, February, April, May, July, August, October and November 2009.

SEK 9.52 as per 22 November 2006. The value has been calculated based on a customary valuation method (Black Scholes) taking into account the share price and other market conditions as per 22 November 2006, disregarding transfer and other restrictions.

- c) The allotment of Options shall be made prior to the 2007 annual general meeting.
- d) During the exercise period which shall run from, and including, 1 January 2009 until, and including, 31 December 2009, the Options may be exercised in order to acquire newly issued shares in the Company on the last bank day of each calendar month.² The Options are non-transferable and the rights to exercise them are normally conditional on the holder having the status of employee at the time of exercise of the relevant Option. Specific rules apply to, amongst other things, mergers, public offers and material changes in ownership, whereupon the Company shall procure that the Option holders are treated reasonably and, as far as possible, are afforded economic rights equivalent to those of warrant holders.
- e) Each Option entitles the holder to acquire one newly issued share in the Company at a price of 120 % of the volume-weighted average price paid per share in the Company on the Stockholm Stock Exchange during the period from, and including, 4 December 2006 until, and including, 15 December 2006, although the exercise price shall not be less than the market value of an Orc Software share on the allotment date of the Options, if justified in each individual case by applicable securities laws and regulations. In the absence of a quoted price paid per share on any of the relevant days, the quoted bid price shall instead be included for the purposes of the calculation. A day without a quoted price paid per share or a quoted bid price shall not be included in the calculation. The calculated exercise price shall be rounded off to the nearest 50 öre, so that 24 and 74 öre are rounded down and 25 and 75 öre are rounded up.
- f) The number of shares that may be acquired under the Options and the price to be paid for each such share are subject to re-calculation in the event of a bonus issue, new share issue, issue of warrants or convertible debentures and in certain other cases on substantially the same terms as the warrants that are proposed to be issued under Options Program 2006.
- g) The allotment of Options is conditional on being legally possible and appropriate in the relevant jurisdictions as well as, in the judgement of the Board of Directors, being made at reasonable (i) administrative costs, (ii) tax effects for the Company or any other employing company or for the employees

² Due to the Company's policy regarding trading restrictions in conjunction with interim reporting, holders of Options may in practice exercise the Options in order to acquire newly issued shares in the Company two times each quarter of a year. These occasions are on the last bank day in January, February, April, May, July, August, October and November 2009.

who may participate in the program and (iii) financial stakes. Deviations from and amendments to the terms and conditions may be made due to local rules, regulations and market practice.

- h) The Board of Directors is responsible for further details and the further handling of Options Program 2006 within the scope of the principal conditions and guidelines set out above.

B. Issue of warrants on a non-pre-emptive basis in order to fulfil the obligations under the Options Program 2006 and the transfer of warrants and allotment of Options to employees within the Orc Software-group etc.

In order to fulfil the obligations under Options Program 2006, the Board of Directors proposes that the general meeting of the Company pass the following resolution.

The Board of Directors proposes that the Company, issue an aggregate of 400,000 warrants on a non-pre-emptive basis.

The issue is subject to the following terms and conditions.

- a) Each warrant entitles the holder to acquire one share in the Company.
- b) The warrants are issued to Orc Software Stockholm AB on a non-pre-emptive basis.
- c) The warrants may be exercised no later than by 29 December 2006. The Board of Directors may extend the subscription period. Subscription shall be made on a specific subscription list. Oversubscription is not permitted.
- d) The warrants are issued free of charge.
- e) During the exercise period which shall run from, and including, 1 January 2009 until, and including, 31 December 2009, the warrants may be exercised for subscription of newly issued shares in the Company on the last bank day of each calendar month.
- f) Each warrant entitles the holder to subscribe for one share in the company at a subscription price of 120 % of the volume-weighted average price paid per share in the Company on the Stockholm Stock Exchange during the period from, and including 4 December until and including 15 December 2006. In the absence of a quoted price paid per share on any of the relevant days, the quoted bid price shall instead be included for the purposes of the calculation. A day without a quoted price paid per share or a quoted bid price shall not be included in the calculation. The calculated exercise price shall be rounded off to the nearest 50 öre, so that 24 and 74 öre are rounded down and 25 and 75 öre are rounded up.

- g) New shares that are issued as a result of warrants being exercised entitle to dividends on the first record day for dividends or the first date on which the shareholder is entered into the share ledger and thereby entitled to receive dividends, following subscription for shares.

The complete terms and conditions of the warrants are set out in Appendix 1A. As set out in Appendix 1A the exercise price as well as the number of shares that a warrant entitle to subscribe for may be re-calculated in the event of a bonus issue, an issue of new shares, warrants or convertible debentures, and in certain other cases.

The Board of Directors also proposes that the general meeting resolve to approve that Orc Software Stockholm may transfer warrants to employees in Sweden, allot Options to employees outside Sweden on the conditions set out in item A above and otherwise dispose of the warrants to fulfil the obligations under Options Program 2006.

As stated above and on the assumption that the warrants that secure the Options Program 2006 are exercised in full, the share capital of the company would increase by SEK 40,000 from SEK 1,520,228,20 to SEK 1,560,228,20.

The Board of Directors states the following reasons for deviating from the shareholders pre-emption right.

The issue constitutes part of securing undertakings that may arise as a result of the Options Program 2006. Further to that stated above, the Board of Directors believes, with the objective of recruiting and retaining competent and skilful employees, that it will be beneficial to the Company and its shareholders for employees within the Orc Software Group to in this way be given the opportunity to participate in the Company's value-growth on a long-term basis.

As regards the basis of the calculation of the subscription price, reference is made to relevant parts of the proposals in question.

Documents under Chapter 14 Section 8 of the Swedish Companies Act are attached hereto, Appendix 1B-1E.

Special authorization

Furthermore, the Board of Directors proposes that the board or whomever it may appoint be authorized to make any minor adjustments to the proposed resolutions above that are necessary in connection with the registration with the Swedish Companies Registration Office and any registration of the warrants with the Swedish Securities Register Centre.

Majority requirements

The proposals of the Board of Directors above constitute a package, where the different proposals are dependent upon and strongly linked to each other. It is therefore proposed that the general meeting adopt the proposals through one single resolution, observing the majority requirements in Chapter 16 Section 8 of the Swedish Companies Act, so that the resolution must be supported by not less than nine-tenths of both the votes cast and of the shares represented at the general meeting.

Stockholm in November 2006
ORC SOFTWARE AB
The Board of Directors