

Press Release
September 19, 2008
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Morphic carries out 100 percent secured SEK 393m rights issue to fund acquisition of ScanWind and ensure continued growth

- 1 (one) existing share entitles the holder to subscribe for 1 (one) new share at a price of SEK 2.40 per share
- 100 percent of the rights issue is estimated to have been secured through commitments from existing investors and underwriting agreements
- If the issue is fully subscribed, Morphic will raise approximately SEK 393m before issue costs

“The acquisition of ScanWind marks a strategic milestone for Morphic that will enable us to offer a portfolio of turbines for extreme wind conditions and tough climates, and that is interesting for the international market. The rights issue completes the funding of the acquisition. At the same time, it creates scope for continued growth in our wind and other core businesses over the next few years, when we will be placing a stronger emphasis on profitability,” comments Morphic CEO Jonas Eklind.

New issue in Morphic

As reported in connection with the announcement of Morphic’s acquisition of 80 percent of the shares of ScanWind on June 9, 2008, the Board of Directors of Morphic Technologies AB (publ) (“Morphic”) has today, September 19, 2008, taken a decision to carry out new issue with preferential rights to the company’s shareholders. The decision is based on the authorization granted to the Board of Directors at the company’s Extraordinary General Meeting on July 10, 2008.

The company’s shareholders will be entitled to subscribe for 1 (one) new share for every 1 (one) existing share held in Morphic at a price of SEK 2.40 per share. A-shares entitle the holder to subscribe for new A-shares and B-shares entitle the holder to subscribe for new B-shares. As regards the right to subscribe for A-shares, the Board will present a proposal to the Annual General Meeting for an adjustment of the company’s Articles of Association that will enable full allocation of such subscription rights. If the rights issue is fully subscribed, Morphic’s share capital will increase to SEK 13,109,762 and the total number of shares will increase to 327,744,044. At full subscription, the rights issue will raise SEK 393m for Morphic before issue costs.

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Background and reasons in summary

Morphic is a corporate group operating in three core areas: wind power, energy systems and fuel cells. The wind power business area, Morpich Wind, is the largest in terms of turnover and had an order book worth SEK 738m at the end of July 2008, compared with the Group's total order book at the same date of SEK 1,022m.

A key element of Morpich's long-term growth strategy is to make important complementary acquisitions. The acquisition of ScanWind has broadened Morpich's product portfolio in wind power, putting the Group in a strong position to establish itself in new markets. ScanWind manufactures and markets wind turbines with outputs of 3.5 MW and higher that are specially designed for extreme wind conditions and tough climates. In connection with the acquisition, Morpich signed a statement of intent with Vattenfall on cooperation for further development of ScanWind's 3.5-MW turbine for offshore locations. The acquisition enables significant synergies, primarily in development and sales, as well as in sourcing of components.

The consideration paid was NOK 189m and the seller was Nord Trøndelag Elektrisitetsverk AS. The acquisition was funded initially with bank loans and existing liquidity. The reason for the pending new issue is to apply the proceeds to redeem acquisition credits, partly comprising an SEK 93m loan, and redeposit of SEK 104m temporarily withdrawn from funds deposited in the Group's bank account relating to wind power transactions. Another reason for the issue is to increase working capital to fund the continued development of the wind power and other core businesses. The rights issue will enable the company to ensure balanced growth in its initial commercialization phase, gradually increasing revenues and strengthening the company's order book. A key objective in this phase will be to ensure optimal cost efficiency by adapting the organization to the market's demand for Morpich's products.

Commitments from major shareholders and underwriting agreements

The Board of Directors estimates that 100 percent of the rights issue has been secured through a combination of subscription commitments, statements of intent from shareholders and underwriting agreements.

New shares in Morpich may be used in payment of the underwriting fees. Based on the authorization granted to Morpich's Board of Directors at the Extraordinary General Meeting on July 10, 2008, new shares of series B may be issued on one or several occasions before the next Annual General Meeting without preferential rights for existing shareholders and paid by offset. The authorization may only be used for payment of underwriting fees in connection with the issue of new shares. The number of new shares that may be issued in this manner will depend on Morpich's share price at the time of the offset issue.

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Preliminary schedule

- The last day of trading in Morphic's shares including the right to participate in the rights issue is September 23, 2008
- The record date for participation in the rights issue is September 26, 2008
- A prospectus for the rights issue is intended to be released on September 29, 2008
- The subscription period is September 30 – October 13, 2008
- Trading in subscription rights will take place during the period September 30 – October 8, 2008

Company presentations

During the subscription period Morphic will arrange company presentations for shareholders at which management will present the business. These meetings will be held as follows:

Stockholm, October 2, 2008, at 5:30 pm
Address: Nordea, Smalandsgatan 17, SE-10571 Stockholm

Gothenburg, October 6, 2008, at 5:30 pm
Address: Hotel Riverton, St Badhusgatan 16, SE-411 21 Gothenburg

Shareholders wishing to attend a meeting are invited to register at Morphic's website, www.morphic.se.

Nordea Corporate Finance is acting financial adviser to Morphic in the transaction and KilpatrickStockton Advokatbyrå acts as legal advisor.

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This is Morphic
Morphic is a Swedish engineering group operating in the areas of fuels cells, wind power, fuel cell energy systems and engineering technology. The Group has about 230 employees and conducts operations in six countries – Sweden, Norway, Japan, Greece, Italy and Switzerland. Morphic Technologies' B shares have been listed on the OMX Nordic Exchange since March 4, 2008, and the number of shareholders is about 25,000.