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Morphic Appoints New CEO and Initiates Restructuring

- Martin Valfridsson new President and CEO of Morphic Technologies AB
- A stronger focus on core business areas; Group will be divided into two free-standing businesses for wind power and fuel cells
- Wind power business to be organized under a separate holding company
- Fuel cell business to be streamlined and run directly through the parent company and Cell Impact; subsidiary company Morphic Systems AB to be wound up

Martin Valfridsson New President and CEO

Martin Valfridsson, who since 2006 has been CEO of the Morphic subsidiary Cell Impact AB, has been appointed new President and Chief Executive Officer of Morphic in place of Jonas Eklind with immediate effect. Martin Valfridsson holds an M.Sc. in Economics and Business as well as an M.Sc. in Engineering and has experience from executive positions in ABB, Ericsson and Clover Electronics in Japan.

Reasons for Restructuring and Core Business Focus

Since its inception in 1999 Morphic has evolved from a dedicated development company in advanced production technology into a corporate group operating in a wide range of fields, including production of wind turbines, ship propellers, contract production of heavy and advanced components, renovation of hydroelectric power stations, production of fuel cell components and complete fuel cells, electrolyzers, reformers, biogas systems and automation equipment. The Group's businesses are now increasingly establishing themselves in their respective markets, creating a lack of focus and uncertainty about the Group as a whole among customers and shareholders.

The Board of Directors believes there is a risk that the current corporate structure could limit growth prospects in the Group's core business areas and that it no longer offers the best prospects for optimizing growth and profitability. With the aim of simplifying and streamlining the Group's operations, the Board has therefore decided to divide the Group into two free-standing businesses: a dedicated wind power business and a dedicated fuel cell business. Following the change, the Group's operations in its current four business areas will be transferred to two companies focusing on Morphic's core businesses. The subsidiary companies Aerodyn and Dynamis will be divested as soon as market conditions are right.

Morphic Wind – A Dedicated Wind Power Company

By taking advantage of and developing local conditions and resources in the heavy mechanical processing industry in Sweden and Norway, Morphic has built up an industrial platform for the production and sale of market-leading wind turbines. Morphic's exclusive licensing agreements with WinWinD of Finland and Kenersys of Germany put it in strong position to establish a strong presence in onshore wind power, primarily in the Nordic and Baltic markets but also in other specific European regions. Morphic's acquisition of

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ScanWind of Norway has also created unique opportunities, and ScanWind's products have the potential to become market leaders in establishing wind power in offshore locations and other areas with good wind conditions, in a global market.

To realize its expansion plans, Morphic needs to establish new and strong partnerships. Morphic is currently engaged in discussions with major potential partners, and the Board believes opportunities to expand nationally and globally are good. However, the Board believes the wind power business needs to be separated from the Group's other operations to open up for new owners and partners in this specific area. Morphic's holding company, Morphic Wind, will therefore take over ownership of licensing agreements, and other rights and resources in DynaWind, ScanWind and Finshyttan with the aim of creating a dedicated wind power company. A dividend payment and separate stock exchange listing for Morphic Wind may be required as new owners and partners are tied to the company.

Morphic Technologies – A Dedicated Fuel Cell Company

Fuel cells are coming closer to a market introduction in both consumer electronics and the automotive industry. Morphic has developed and owns a production technology that drastically cuts the cost of producing flow plates and thereby also the total cost of the fuel cells. The activities are conducted by the subsidiary company Cell Impact. Significant cost reductions and high performance are crucial to ensuring widespread use of fuel cells in the civilian market. In one application area, electricity production, Morphic has strengthened its position as a systems developer through acquisitions of three foreign subsidiaries: the Italian fuel cell producer Exergy Fuel Cells, the Greek reformer producer Helbio and the Swiss electrolyzer producer Accagen.

With the aim of streamlining Morphic's operations in fuel cells, continued efforts to establish a strong market presence will now be conducted through the parent company and Cell Impact AB, and through Morphic Systems' existing foreign subsidiaries. As a result of this more focused approach, the business area and subsidiary Morphic Systems AB will be wound up. The subsidiaries will become independent production and sales companies with a clearer focus on establishing a strong market presence in their respective areas.

New Appointments and Financial Impact

Jonas Eklind, President and CEO of Morphic Technologies, and Mats Reimark, CEO of Morphic Systems, will leave their positions with immediate effect. In other respects, the restructuring measures are expected to affect about 20 employees in Morphic Systems and a number of contracted consultants in Stockholm and Karlskoga. Morphic will immediately initiate negotiations with trade union representatives on the restructuring plan, which is expected to be fully implemented by January 1, 2009. The financial impact will be presented in the next interim report.

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Comments by the Chairman

“Jonas Eklind has helped build Morphic in a commendable way in the last two years. During this time a strong organization has been established with skilled leaders in our various business areas. It is now natural that responsibilities and authority should be moved out into the organization, which will put greater pressure on each subsidiary to increase sales and establish new products,” Morphic’s Chairman, Peter Enå, says in a comment, adding:

“Martin Valfridsson has established Cell Impact as a market-leading global player in the fuel cell industry, which in a short space of time has received major orders from multinational companies. He has unique industry expertise in the international fuel cell industry, and we believe he is the best person to lead Morphic through its new commercialization phase.”

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Morphic Technologies AB (publ)
The Board of Directors

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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.