

Preparatory documents for the
Annual General Meeting of

MORPHIC TECHNOLOGIES AB (publ)

Monday October 20, 2008

AGENDA

for the Annual General Meeting of the shareholders of
MORPHIC TECHNOLOGIES AB (publ)

1. **Open the meeting**
2. **Elect a chairman for the meeting**
3. **Draw up and approve the electoral register**
4. **Approve the agenda**
5. **Elect one or more persons to check the minutes of the meeting**
6. **Determine whether the meeting has been duly convened**
7. **Listen to a presentation by the Chief Executive Officer**
8. **Listen to a presentation of the annual report and audit report and the consolidated financial statements and consolidated audit report**
9. **Decide whether to approve the income statement and balance sheet, and the consolidated income statement and consolidated balance sheet**
10. **Decide on the appropriation of retained earnings, in accordance with the approved balance sheet**
11. **Decide on freedom from liability for the Directors and Chief Executive Officer**
12. **Listen to a presentation of the proposals of the Nominating Committee**
13. **Decide on the number of Directors**
14. **Decide on Directors' fees**
15. **Elect the Chairman of the Board of Directors and other Directors**
16. **Decide on the election of auditors**
17. **Decide on auditors' fees**
18. **Decide on a set of principles for compensation and other employment terms for the company's management**
19. **Decide on amendments to the Articles of Association**
20. **Decide on authorization for the issue of new shares (i)**
21. **Decide on authorization for the issue of new shares (ii)**
22. **Decide on the nomination process for the 2009 AGM**
23. **Transact other business**
24. **Conclude the meeting**

**Proposals for resolutions to be presented at the
Annual General Meeting
of Morphic Technologies AB (publ)
Monday October 20, 2008**

Elect a chairman for the meeting (item 2)

The Nominating Committee of Morphic Technologies AB (se below) proposes that Erik Nerpin, an attorney, be appointed to chair the AGM.

Appropriation of retained earnings (item 10)

The Board of Directors and Chief Executive Officer propose that the company's retained earnings of approximately SEK 451m be carried forward and that no dividend be paid.

Elect Directors and auditors and decide on Directors' and auditors' fees (items 13-17)

The Nominating Committee of Morphic Technologies AB, which consists of Kåre Gilstring (chairman), Peter Enå, Kurt Dahlberg and Lars Bruzelius, representing about 31 percent of the votes for all shares in the company, proposes the following:

- Elect five Directors with no deputies.
- Unchanged Directors' fees of SEK 200,000 to each of the non-executive Directors.
- Re-elect the Directors Peter Enå, Kurt Dahlberg, Kjell Östergren, Anette Myrheim during the period until the next AGM and elect Peter Ekenger to the Board as a new Director for the same period.
- Re-elect Peter Enå as Chairman of the Board.
- Appoint the registered auditing firm PricewaterhouseCoopers AB as the company's auditors for a mandate period of four years with the authorized public accountant Michael Bengtsson as chief auditor.
- Auditors' fees to be paid on the basis of approved invoices.

Peter Ekenger, born 1945, holds a M.Sc. in Economics and Business from the School of Business, Economics and Law at the University of Gothenburg and a management degree from Harvard Business School. He has long experience of working as an international business consultant, both independently and in various international organizations, focusing on the transport and automotive industries. Peter Ekenger is independent in relation to the company, management and major shareholders.

The Director Jan Alvéen has decline re-election and will transfer to a consulting role in order to assist Morphic during the continued industrial build-up in the Group.

The company's current auditor, Inger Carlsson from Öhrlings PricewaterhouseCoopers AB, who has been the company's auditor since 2000, has decline re-appointment on the grounds of the auditing firm's internal rules limiting the length of assignments.

Information about the proposed Directors is presented in Morphic's annual report for the 2007/08 financial year and on Morphic's website, www.morphic.se.

Decide on a set of principles for the compensation and other employment terms for the company's management (item 18)

The Board's proposal to the AGM 2008 for guidelines on the setting of salaries and other compensation to the Chief Executive Officer and other members of Group management is as follows.

Composition of Management

Group Management consists of the CEO, CFO, Vice President Investor Relations, Director of Human Resources and the CEOs of the wind, energy system and fuel cell businesses.

Market-based Compensation

Morphic strives to offer market-based compensation to the Chief Executive Officer and other members of Group management. The compensation should be based on the importance of the tasks involved and on skills, experience and performance requirements.

The compensation consists of the following components:

- Fixed basic salary
- Bonus
- Pension benefits
- Other benefits and termination conditions

Fixed basic salary

Group management should be paid a market-based fixed cash salary.

Bonus

In addition to their basic salary, management should be offered a bonus (variable compensation) that is tied to achievement of Morpic's targets for earnings, sales growth and other key figures as well as certain individually defined targets. The bonus is limited to 70 percent of the basic salary paid during the year for the Chief Executive Officer and 40-60 percent of the basic salary paid during the year for other members of Group management.

Share-based Incentive Schemes

The Board believes long-term variable pay in the form of share-based incentive schemes strengthens the employees' interest in the Group's activities and highlights the link between employment benefits and the company's performance. It is essential that the company is able to create conditions that allow it to recruit and retain skilled personnel. The Board therefore considers that share-based incentive schemes benefit Morpic and its shareholders.

There are two outstanding share-based incentive schemes in Morpic.

The first scheme was adopted by the 2006 AGM and refers to warrants subscribed by the employees at a market price based on an external valuation statement.

The warrants must be exercised by October 31, 2009.

The second scheme was adopted at the extraordinary general meeting held on March 3, 2008 and refers to employee stock options. The options are issued free of charge to the employees but the right to exercise the options is linked to a performance condition based on consolidated turnover and operating margin.

The scheme has a term of about five years.

Information about Morphic's outstanding share-based incentive schemes is provided in the company's annual report for the 2007/08 financial year, page 74, Note 12.

Pension benefits

Morphic applies a retirement age of 65 for Group management. For salary portions under 7.5 income base amounts the pension benefit is the same as the ITP occupational pension benefit. For salary portions of 7.5 to 30 income base amounts a defined contribution pension of thirty (30) percent of the employee's monthly salary is paid, which is secured through insurance. No pension benefits are earned on bonuses and salary portions over 30 income base amounts.

Other Benefits and Employment Terms

The maximum period of notice is 6 months, and severance pay is limited to a maximum of 12 months' salary benefits.

In other respects, company management should be entitled to the customary non-monetary benefits.

Authorization for the Board

The Board of Directors has the right to derogate from the above guidelines if it considers that there are special reasons warranting this in any individual case.

Decide on amendments to the articles of association (item 19)

The Board proposes the following changes to the articles of association.

Article 2 - Under the current articles of association, a general meeting of the company can be held in Karlskoga or Gothenburg. The Board proposes that general meetings should instead be held in Karlskoga or Stockholm.

Articles 4 and 5 - Under the current articles of association, the company's share capital may not be less than SEK 3,300,000 or exceed SEK 13,200,000, represented by at least 82,500,000 and no more than 330,000,000 shares. The company's outstanding shares may comprise no more than 10,000,000 shares of series A and no more than 320,000,000 shares of series B. The quota value of a share is SEK 0.04. The Board of Directors proposes that the limits for the company's share capital be increased to no less than SEK 6,000,000 and no more than SEK 24,000,000, represented by no less than 150,000,000 and no more than 600,000,000 shares. The company's outstanding shares may comprise no more than 25,000,000 shares of series A and no more than 575,000,000 shares of series B.

Article 11 - It is proposed that the company's financial year be changed from May 1–30 April to the calendar year. This would thus imply shortening the current financial year to comprise the period May 1–December 31, 2008. The proposal would require an amendment of the provision on financial year in the company's articles of association.

The new wording of the articles of association is presented in **Annex 1**.

Decide on authorization to decide on the issue of new shares (i) (item 20)

The Board of Directors proposes that the AGM authorize the Board to resolve, on one or more occasions during the period up to the next AGM, to issue new shares for a cash or non-cash consideration or by set-off or subject to other terms and conditions, and thereby to derogate from existing shareholders' pre-emption rights. If new share are issued without pre-emption rights for a cash consideration, the issue price must be set at market rates.

The purpose of this authorization and the reason for derogating from existing shareholders' pre-emption rights is to enable acquisitions in the company's core business areas for a cash or non-cash consideration or by payment in the form of new shares or a combination of these, and to provide funding and customary collateral under delivery agreements.

The number of shares issued under the authorization may not exceed 10 percent of the company's share capital after the rights issue decided on by the Board of Directors on September 19, 2008.

If new shares are issued under the authorization with pre-emption rights for existing shareholders, holders of series A shares will have the right to subscribe for A shares and holders of series B shares will have the right to subscribe for B shares in proportion to their existing shareholding. If new shares are issued in derogation of existing shareholders' pre-emption rights, only shares of series B may be issued.

The Board's proposed resolution is presented in **Annex 2**.

Decide on authorization to decide on the issue of new shares (ii) (item 21)

At the extraordinary general meeting on July 10, 2008 the Board was authorized to decide, on one or several occasions prior to the next AGM, on the issue of new B shares without pre-emption rights for existing shareholders to be used in lieu of cash payment. The authorization may only be used for payment of underwriting fees.

The Board proposes that the AGM decide to issue a new authorization with the same content. The purpose of the authorization is to enable the company to fulfill its obligations to underwriters who will be paid in the form of new shares used in lieu of cash payment of underwriting fees. The authorization may only be used for this purpose and only in respect of the rights issue decided on by the Board of Directors on September 19, 2008.

The Board expects that the issue of new shares used in lieu of cash payment of underwriting fees will be carried out on the basis of the existing authorization, in which case the proposal described herein will be withdrawn at the AGM if such issue has already been carried out.

The Board's proposed resolution is presented in **Annex 3**.

Decide on the nomination process for the 2008 AGM (item 22)

The Nominating Committee of Morphic Technologies AB proposes that the AGM pass a resolution stipulating that the nomination process for the 2009 AGM be conducted in the following manner.

A Nominating Committee shall be appointed, consisting of representatives of the four shareholders holding the largest number of votes in the company as well as the Chairman of the Board, who shall act as convener. The names of members of the Nominating Committee must be published within six months of the 2009 annual general meeting. If the circumstances of ownership change significantly before the Nominating Committee's duties have been completed, changes should be made to the composition of the Nominating Committee.

The Nominating Committee shall prepare proposals for the following resolutions at the 2009 AGM: (i) a proposal for election of a chairman for the meeting, (ii) a proposal for election of Directors, (iii) a proposal for election of the Chairman of the Board of Directors, (iv) a proposal for Directors' fees, (v) a proposal for compensation for the company's auditors, and (vi) a proposal for how to conduct the nomination process for the 2010 AGM.

If the AGM approves the Board's proposal on change of financial year, the AGM is expected to take place in May 2009.

Karlskoga, October 2008

MORPHIC TECHNOLOGIES AB (publ)

The Board of Directors

Morphic Technologies AB

Proposals of the Board of Directors

Organization number 556580-2526

ARTICLES OF ASSOCIATION

adopted at the Annual General Meeting on October 20, 2008

Article 1 Name

The name of the company is Morphic Technologies AB (publ).

Article 2 Registered office

The company's Board of Directors shall have its registered office in the municipality of Karlskoga.

The Annual General Meeting shall be held in Karlskoga or Stockholm if the Board of Directors so decides.

Article 3 Business

The company shall develop, produce and market energy systems for renewable electricity production and resource-efficient production technology for component production and own and manage shares and securities and conduct such other activities as are compatible therewith.

Article 4 Share capital

The share capital shall be no less than SEK 6,000,000 and no more than SEK 24,000,000.

Article 5 Number of shares, share classes, etc.

The company's shares may be of series A and series B. A shares carry 1 vote each and series B shares carry 1/10 of a vote each. The number of issuable shares is limited to 18,000,000 for shares of series A and 582,000,000 for shares of series B. The minimum number of shares is 150,000,000 and the maximum number 600,000,000.

Shares of series A shall, at the request of the owner, be converted into shares of series B. Requests for conversion, which must be made in writing and state the number of shares to be converted, must be submitted to the company. The company shall without delay notify the conversion for registration with the Swedish Companies Registration Office. A conversion shall be deemed to have been executed upon registration and inclusion in the Central Securities Depository register (CSD register).

If the company decides to issue new shares of series A and series B for cash or by offset, holders of shares of series A and series B shall have pre-emption rights to subscribe for new shares of the same series in proportion to their existing shareholding (primary pre-emption rights). Shares not taken up by holders of primary pre-emption rights shall be offered for subscription to all shareholders (subsidiary pre-emption rights). If the number of shares offered for subscription in this manner is not sufficient to meet the demand from holders of subsidiary pre-emption rights, the shares shall be allocated among the subscribers in proportion to their existing shareholdings and, to the extent that this is not possible, by lot.

If the company decides, by means of the issue of new shares for cash or by offset, to issue only shares of series A or series B, all shareholders, regardless of whether they hold shares of series A or series B, shall have pre-emption rights to subscribe for new shares in proportion to the number of shares already held.

If the company decides, by means of the issue of new shares for cash or by offset, to issue warrants or convertibles, the company's shareholders shall have pre-emption rights to subscribe for warrants as if the issue of shares applied to the new shares that may be subscribed for using the warrants and pre-emption rights to subscribe for convertibles as if the issue of shares applied to the number of shares that the convertibles are convertible into.

The aforesaid shall not in any way limit the possibility of passing resolutions on the issue of new shares for cash or by offset in derogation of existing shareholders' pre-emption rights. In case of an increase in the share capital through a bonus issue, new shares of each series shall be issued in proportion to the number existing shares of the same class. In such instance, existing shares of a certain class shall entitle the holder to subscribe for new shares of the same class. The aforesaid shall not in any way limit the possibility of issuing new shares of a new class through a bonus issue, subject to the requisite amendments of the Articles of Association.

Article 6 Board of Directors

The Board of Directors shall consist of at least three and no more than ten Directors and no more than ten Deputy Directors.

The Directors and Deputy Directors shall be elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting.

Article 7 Auditor

One or two auditors with no more than two deputies shall be appointed to examine the company's annual accounts and financial statements as well as the management of the Board of Directors and, if applicable, of the Chief Executive Officer.

Article 8 Notice of general meeting

Notice of a general meeting of the company shall be made by advertisement in Post- och Inrikes Tidningar and in Dagens Nyheter within the timeframe specified in the Articles of Association.

Article 9 Participation at general meetings

Shareholders wishing to participate in negotiations at general meetings must be included in a transcript or other representation of the complete register of shareholders, as reflecting actual circumstances five weekdays before the general meeting, *and* notify their intention to attend no later than 1 p.m. on the day stated in the notice. Such day may not be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and may not be earlier than the fifth weekday before the meeting.

Shareholders may invite one or two assistants to a general meeting, subject to prior notification thereof in accordance with the previous paragraph.

Article 10 Agenda for the Annual General Meeting

The Annual General Meeting shall be held annually within six months of the end of the financial year.

At the AGM the shareholders shall transact the following business:

1. Elect a chairman for the meeting

2. Draw up and approve the electoral register
3. Elect one or more persons to check the minutes of the meeting
4. Determine whether the meeting has been duly convened
5. Approve the agenda
6. Listen to a presentation of the annual report and audit report and the consolidated financial statements and consolidated audit report.
7. Decide
 - a) whether to approve the income statement and balance sheet as well as the consolidated income statement and consolidated balance sheet
 - b) on the appropriation of the company's profit or loss, as stated in the approved balance sheet
 - c) on discharge from liability for the members of the Board of Directors and the Chief Executive Officer
8. Decide on the fees to be paid to the Directors and auditor(s)
9. Elect a Board of Directors and, where required, auditors and deputy auditors
10. Transact other business that is incumbent upon the general meeting under the Companies Act (2005:551) or the company's Articles of Association.

Article 11 Financial year

The company's financial year shall be January 1 – December 31.

Article 12 VPC-affiliated company

Under the Financial Instruments Act (1998:1479), the company's shares must be registered in a Central Securities Depository register.

Proposed resolution on authorization to decide on the issue of new shares (i) (item 20)

The Board of Directors proposes that the shareholders adopt the following resolutions:

The AGM decided, in accordance with the Board's proposals, to authorize the Board to decide, on one or more occasions during the period up to the next AGM, to issue new shares for a cash or non-cash consideration or by set-off or subject to terms and conditions, and thereby to derogate from existing shareholders' pre-emption rights. If new share are issued without pre-emption rights for a cash consideration, the issue price must be set at market rates.

The purpose of this authorization and the reason for derogating from existing shareholders' pre-emption rights is to enable acquisitions in the company's core business areas for a cash or non-cash consideration or by payment in the form of new shares or a combination of these, and to provide funding and customary collateral under delivery agreements.

The number of shares issued under the authorization may not exceed 10 percent of the company's share capital after the rights issue decided on by the Board of Directors on September 19, 2008.

If new shares are issued under the authorization with pre-emption rights for existing shareholders, holders of series A shares will have the right to subscribe for A shares and holders of series B shares will have the right to subscribe for B shares in proportion to their existing shareholding. If new shares are issued in derogation of existing shareholders' pre-emption rights, only shares of series B may be issued.

Proposed resolution on authorization to decide on the issue of new shares (ii) (item 21)

The Board of Directors proposes that the shareholders adopt the following resolutions:

It was resolved, as proposed by the Board, to authorize the Board to decide, on one or several occasions prior to the next AGM, on the issue of new B shares without pre-emption rights for existing shareholders to be used in lieu of cash payment. The authorization may only be used for payment of underwriting fees in the rights issue decided on by the Board of Directors on September 19, 2008. The price of the new shares paid by offset of underwriting fees will be based on the current share price at the time of paying the fees.