



Press Release

Martinsried/Munich, Germany, April 29, 2011

MorphoSys AG Reports Strong Results for the First Quarter of 2011

Technology Milestone Payment Drives Revenues and Profits

MorphoSys AG (FSE: MOR; Prime Standard Segment; TecDAX) today announced its financial results for the three months ending March 31, 2011 according to International Financial Reporting Standards (IFRS). Group revenues more than doubled to EUR 48.6 million (Q1 2010: EUR 20.6 million). This significant increase was mainly due to a technology milestone payment from Novartis in connection with the completion of the installation of MorphoSys's HuCAL antibody platform at Novartis Institutes for BioMedical Research in Basel, Switzerland. Group operating profit increased to EUR 28.8 million (Q1 2010: EUR 4.7 million) and net profit amounted to EUR 18.8 million (Q1 2010: EUR 3.2 million). As planned, MorphoSys further increased its investment in proprietary research and development, to EUR 7.2 million (Q1 2010: EUR 5.0 million). MorphoSys's cash position on March 31, 2011 was EUR 119.8 million (December 31, 2010: EUR 108.4 million) and the Company re-confirmed its full year guidance for 2011.

<i>In EURO million</i>	Q1 2011	Q1 2010
Group Revenues	48.6	20.6
<i>hereof AbD Serotec</i>	<i>4.4</i>	<i>5.5</i>
Other Operating Income	0.1	0.01
Total Operating Expenses	19.9	15.9
Operating Profit	28.8	4.7
Net Profit	18.8	3.2
EPS (diluted) in EURO	0.81	0.14

Highlights of the First Quarter

- **Alliances:** MorphoSys completed installation of its HuCAL technology at Novartis, triggering a double-digit million Euro payment from the pharmaceutical partner.
- **Pipeline:** At the end of the first quarter of 2011, MorphoSys's partnered and proprietary pipeline comprised 74 programs, of which 17 were in clinical development. Based on the number of programs in the clinic, MorphoSys's HuCAL is now the most successful antibody library technology in the pharmaceutical industry.
- **Proprietary Development:** At the end of Q1 2011, nine proprietary programs were active, including two co-development programs with Novartis.
- **MOR103:** A US patent was granted covering MorphoSys's HuCAL antibody against GM-CSF. The patent has a scheduled expiry date in 2026, not including any potential extensions.

- **Management:** MorphoSys announced a change in its Executive Management Board with Jens Holstein joining MorphoSys as Chief Financial Officer from Fresenius Kabi.

“The successful installation of our HuCAL technology at Novartis was the most significant event during the first quarter” stated Dr. Simon Moroney, Chief Executive Officer of MorphoSys AG. “Financially, the double digit million Euro payment associated with this milestone led us to a record quarter and will help us to achieve more than 20 % revenue growth in 2011. Overall, our pipeline is stronger than ever, and based on the number of antibodies in clinical development, HuCAL is the industry’s most successful antibody library technology. This underlines the point that HuCAL has truly become an industry standard for therapeutic antibody generation.”

Financial Review for First Quarter of 2010 According to IFRS

Group revenues for the first quarter of 2011 were EUR 48.6 million (Q1 2010: EUR 20.6 million), an increase of 136 % over the same period of the previous year. This large increase was mainly due to the successful installation of the HuCAL technology at the Novartis Institutes for BioMedical Research in Basel, Switzerland. Revenues in the Partnered Discovery segment comprised EUR 13.3 million in funded research and licensing fees (Q1 2010: EUR 13.7 million) and EUR 30.4 million in success-based payments (Q1 2010: EUR 1.3 million), including the technology transfer milestone from Novartis. The Proprietary Development segment recorded funded research revenues of EUR 0.6 million (Q1 2010: EUR 0.3 million). Assuming constant foreign exchange rates at the average rate of Q1 2010, segment revenues in the Partnered Discovery and Proprietary Development segments would have totaled EUR 43.6 million. The AbD Serotec segment provided 9 % or EUR 4.4 million of total revenues (Q1 2010: EUR 5.5 million), a decrease of 20 %. The unfavorable comparison with the prior year’s revenue is due to a large OEM order which was placed in Q1 2010. Assuming constant foreign exchange rates at the average rate of Q1 2010, revenues in the AbD Serotec segment would have amounted to EUR 4.3 million. Other operating income amounted to EUR 0.1 million (Q1 2010: EUR 0.01 million), comprising grant income from governmental agencies.

Total operating expenses for the first quarter of 2011 increased by 25 % to EUR 19.9 million (Q1 2010: EUR 15.9 million). The increase of EUR 4.0 million was mainly caused by increased proprietary research and development (R&D) expenses in line with the Company’s plans. Cost of goods sold (COGS), a line item specific to AbD Serotec, increased by 6 % to EUR 1.8 million (Q1 2010: EUR 1.7 million). The gross margin for the segment decreased to 58 %, in comparison to 68 % in the first quarter of 2010, due to a less favorable sales mix in Q1 2011. Total research and development expenses rose by EUR 3.4 million or 37 % to EUR 12.7 million (Q1 2010: EUR 9.3 million). The increase in R&D expenses mainly resulted from a higher level of investment in proprietary product and technology development (including segment allocations) amounting to EUR 7.2 million (Q1 2010: EUR 5.0 million). Sales, general and administrative expenses increased by 8 % to EUR 5.3 million (Q1 2010: EUR 4.9 million). Non-cash charges related to stock-based compensation are embedded in COGS, S,G&A and R&D expenses and amounted to EUR 0.5 million (Q1 2010: EUR 0.4 million).

Total Group operating profit increased to EUR 28.8 million (Q1 2010: EUR 4.7 million). Partnered Discovery showed a segment operating profit of EUR 37.6 million (Q1 2010: operating profit of EUR 10.0 million) while the increased investment in proprietary development

led to negative segment result of EUR 6.2 million (Q1 2010: negative segment result of EUR 4.3 million). The AbD Serotec segment showed an operating loss of EUR 0.2 million (Q1 2010: operating profit of EUR 0.9 million).

Non-operating items, including taxes, resulted in expense of EUR 10.0 million (Q1 2010: non-operating expense of EUR 1.5 million). For the first quarter of 2011, MorphoSys realized a net profit of EUR 18.8 million compared to a net profit of EUR 3.2 million in the same period of the previous year. The resulting diluted earnings per share for the first three months of 2011 increased to EUR 0.81 (Q1 2010: EUR 0.14).

Another highlight was the Company's strong cash position. On March 31, 2011, the Company had EUR 119.8 million in cash, cash equivalents, and marketable securities, not including the technology milestone payment from Novartis, compared to EUR 108.4 million as of December 31, 2010. The accounts receivable position increased to EUR 38.4 million (Q1 2010: 15.0 million), due to the outstanding milestone payment from Novartis at the balance sheet due date. Net cash inflow from operations in Q1 2011 amounted to EUR 11.7 million (Q1 2010: net cash inflow EUR 13.1 million). The number of issued shares at March 31, 2011 was 22,938,167, compared to 22,890,252 shares at December 31, 2010.

Outlook for 2011

As presented in February of this year, for 2011, MorphoSys anticipates total Group revenues of between EUR 105 million and EUR 110 million and anticipates an operating profit in the range of EUR 10 million to EUR 13 million. Backed by its sound financial position, MorphoSys will make investments into proprietary research and development of between EUR 40 million and EUR 45 million during 2011. For 2011, MorphoSys anticipates major progress across its product pipeline and specifically, by the end of the year the partnered and proprietary pipeline is expected to comprise up to 22 programs in clinical trials.

MorphoSys will hold a public conference call and webcast today at **02:00 p.m. CEST** (08:00 a.m. EST, 01:00 p.m. BST) to present the First Quarter Results 2011 and report on current developments.

Dial-in number for the Conference Call (listen-only):

Germany:	+49 89 2444 32975
For U.K. residents:	+44 20 3003 2666
For U.S. residents:	+1 212 999 6659

Please dial in 10 minutes before the beginning of the conference.

In addition, MorphoSys offers participants the opportunity to follow the presentation through a simultaneous slide presentation online at <http://www.morphosys.com>.

A live webcast, slides, webcast replay and transcript will be made available at <http://www.morphosys.com>.

Approximately two hours after the press conference, a slide-synchronized audio replay of the conference will be available on <http://www.morphosys.com>.

About MorphoSys:

MorphoSys is an independent biotechnology company that develops novel antibodies for therapeutic, diagnostic and research applications. The Company's HuCAL technology is one of the most powerful methods available for generating fully human antibodies. By successfully applying this and other proprietary technologies, MorphoSys has become a leader in the field of therapeutic antibodies, one of the fastest-growing drug classes in human health-care. Through its alliances with some of the world's leading pharmaceutical companies, MorphoSys has created a pipeline of more than 60 drug candidates. The Company is expanding its drug pipeline by adding new partnered programs, and by building a portfolio of fully-owned therapeutic antibodies. For its proprietary portfolio, the Company is focused on the areas of oncology and inflammation. Its most advanced program MOR103, a first-in-class, fully human antibody against GM-CSF, is currently being tested in a Phase Ib/IIa trial in rheumatoid arthritis patients. Via its business unit AbD Serotec, MorphoSys is expanding the reach of its technologies in the diagnostics and research markets. MorphoSys is headquartered in Munich, Germany and listed on the Frankfurt Stock Exchange under the symbol "MOR". For further information, visit <http://www.morphosys.com/>

HuCAL[®], HuCAL GOLD[®], HuCAL PLATINUM[®], CysDisplay[®] and RapMAT[®] are registered trademarks of MorphoSys; arYla[™] is a trademark of MorphoSys.

This communication contains certain forward-looking statements concerning the MorphoSys group of companies. The forward-looking statements contained herein represent the judgment of MorphoSys as of the date of this release and involve risks and uncertainties. Should actual conditions differ from the Company's assumptions, actual results and actions may differ from those anticipated. MorphoSys does not intend to update any of these forward-looking statements as far as the wording of the relevant press release is concerned.

For more information, please contact:

MorphoSys AG

Dr. Claudia Gutjahr-Löser
Head of Corporate Communications & IR
Tel: +49 (0) 89 / 899 27-122

Mario Brkulj
Senior Manager Corporate Communications & IR
Tel: +49 (0) 89 / 899 27-454

Jessica Kulpi
Specialist Corporate Communications & IR
Tel: +49 (0) 89 / 899 27-332

investors@morphosys.com

1st Interim Financial Statements (IFRS): January – March 2011

Consolidated Statement of Operations (IFRS)- unaudited

in €, except share data	Three Months Ended March 31,	
	2011	2010
Revenues	48,581,473	20,551,463
Cost of Goods Sold	1,838,869	1,728,501
Research & Development Expenses	12,703,572	9,311,518
Sales, General & Administrative Expenses	5,316,785	4,862,083
Total Operating Expenses	19,859,226	15,902,102
Other Operating Income	121,004	13,917
Profit from Operations	28,843,251	4,663,278
Finance Income	348,008	36,367
Finance Expense	5,002	4,440
Other Income	36,603	116,029
Other Expense	1,339,153	236,991
Profit before Taxes	27,883,707	4,574,243
Income Tax Expense	9,055,159	1,382,339
Net Profit	18,828,548	3,191,904
Basic Net Profit per Share	0.82	0.14
Diluted Net Profit per Share	0.81	0.14
Shares Used in Computing Basic Net Profit per Share	22,847,349	22,592,412
Shares Used in Computing Diluted Net Profit per Share	23,123,946	22,743,001

Condensed Consolidated Balance Sheet (IFRS)

in €	March 31, 2011 unaudited	December 31, 2010
Current Assets		
Cash, Cash Equivalents and Available-for-Sale Financial Assets	119,844,777	108,422,492
Accounts Receivable	38,432,026	15,009,326
Tax Receivables	534,819	499,323
Other Receivables	773,426	522,520
Inventories, Net	3,954,889	4,135,446
Prepaid Expenses and Other Current Assets	3,360,593	3,104,340
Assets Classified as Held for Sale	791,119	813,011
Total Current Assets	167,691,649	132,506,458
Non-Current Assets		
Property, Plant and Equipment, Net	6,343,760	6,189,865
Patents, Net	10,092,258	10,285,264
Licenses, Net	11,402,706	12,118,924
Intangible Assets under Development	10,513,100	10,513,100
Software, Net	452,393	505,328
Know-how & Customer Lists, Net	1,544,550	1,685,978
Goodwill	34,106,848	34,099,485
Deferred Tax Asset	2,906,040	2,991,391
Prepaid Expenses and Other Assets, Net of Current Portion	1,641,778	1,658,040
Total Non-Current Assets	79,003,433	80,047,375
Total Assets	246,695,082	212,553,833
Current Liabilities		
Accounts Payable	13,424,209	15,614,905
Licenses Payable	153,144	134,617
Tax Liabilities	10,896,059	2,144,674
Provisions	275,000	275,000
Current Portion of Deferred Revenue	5,522,264	3,181,605
Total Current Liabilities	30,270,676	21,350,801
Non-Current Liabilities		
Provisions, Net of Current Portion	43,344	43,344
Deferred Revenue, Net of Current Portion	6,432,569	690,756
Convertible Bonds Due to Related Parties	140,279	127,593
Deferred Tax Liability	4,023,630	4,419,245
Total Non-Current Liabilities	10,639,822	5,280,938
Total Stockholders' Equity	205,784,584	185,922,094
Total Liabilities and Stockholders' Equity	246,695,082	212,553,833

Condensed Statement of Cash Flows (IFRS) - unaudited

in €	Three Months Ended March 31,	
	2011	2010
Net Profit	18,828,548	3,191,904
Net Cash Provided by Operating Activities	11,674,025	13,062,500
Net Cash Used in Investing Activities	(5,717,802)	(9,001,636)
Net Cash Provided by Financing Activities	514,843	54,222
Effect of Exchange Rate Differences on Cash	(34,926)	(21,215)
Increase in Cash and Cash Equivalents	6,436,140	4,093,871
Cash and Cash Equivalents at the Beginning of the Period	44,118,451	41,255,316
Cash and Cash Equivalents at the End of the Period	50,554,591	45,349,187

The complete 1st Interim Report 2011 (January - March) is available on our website (HTML and PDF): <http://www.morphosys.com/FinancialReports>