



Press Release

Martinsried/Munich, February 25, 2010

MorphoSys AG Reports Positive Results for Fiscal Year 2009

Pipeline Expansion and Solid Top-line Growth

Press conference call (in German) today at 10:00 am CET

*Conference call and webcast of the analyst meeting and press conference (in English)
today at 02:00 pm CET (01:00 pm GMT; 08:00 am EST)*

MorphoSys AG (FSE: MOR; Prime Standard Segment; TecDAX) today announced its financial results according to International Financial Reporting Standards (IFRS) for the three-months' period and financial year ending December 31, 2009. The Company increased full-year Group revenues by 13 % to EUR 81.0 million (2008: EUR 71.6 million). Operating profit amounted to EUR 11.4 million (2008: EUR 16.4 million). The year-on-year decrease was a direct result of the planned increased investment in proprietary development in the amount of EUR 19.3 million in 2009 (up from EUR 8.9 million in 2008). Group net profit after taxes decreased to EUR 9.0 million (2008: EUR 13.2 million) due to the higher level of R&D investment. At the end of the year 2009, MorphoSys's cash position amounted to EUR 135.1 million (2008: EUR 137.9 million).

Highlights of the Year 2009

- **Proprietary Development Progress:** Established a team with strong preclinical and clinical expertise; Added three new proprietary programs to supplement lead compounds MOR103 and MOR202.
- **First Proprietary Program in Phase 1b/2a:** Advanced lead program MOR103 into first patient trial in rheumatoid arthritis (RA); Decision on second indication successfully concluded based on sound pre-clinical data.
- **Strong Growth of Partnered Drug Pipeline:** Partnered pipeline increased to three programs in Phase 2, with a further four programs in Phase 1; Expansion of partnered pipeline to 65 active therapeutic antibody projects by end of 2009 (up from 55 at the end of 2008).
- **New Growth Opportunities in Infectious Diseases:** First HuCAL PLATINUM-based alliance in infectious disease space with Daiichi Sankyo.
- **AbD Serotec:** Solid top-line growth and profit margin; Further penetrating the diagnostics industry.
- **Technology:** New antibody library HuCAL PLATINUM firmly established in R&D processes; Progress on new antibody technologies to continue in 2010.

“MorphoSys enters 2010 as a well-positioned and mature company with a promising product portfolio, a sustainable partnered business and a prospering AbD segment providing strong financial results. This is an excellent basis for our future,” stated Dr. Simon Moroney, Chief Executive Officer of MorphoSys AG. “Increasingly, the Company’s clinical pipeline is taking centre stage. At the end of 2009, four HuCAL-based programs were in Phase 2 clinical trials with another four compounds in Phase 1. Clinical proof-of-concept with HuCAL antibodies is rapidly approaching. During 2009, we looked closely at potential acquisitions as a means of adding to our portfolio of proprietary product candidates, but nothing that we found justified the investment that would have been required. We are therefore no longer actively pursuing acquisition as a means of adding to our pipeline. We are, however, interested in supplementing our existing technology platform and accelerating the growth of the AbD Serotec segment in the diagnostics field.”

“In 2009, the partnered discovery segment continued to show a very respectable performance, providing the MorphoSys Group with the financial wherewithal to channel substantial investment into proprietary R&D while allowing us to report an operating profit according to our expectations. This is a unique profile in our industry,” commented Dave Lemus, Chief Financial Officer of MorphoSys AG, adding “AbD Serotec reported a satisfying increase in profit margin, which included above-market top-line growth performance.”

Financial Review for the Fiscal Year 2009 (IFRS)

Group revenues for the full year 2009 amounted to EUR 81.0 million (2008: EUR 71.6 million), an increase of 13 % over the prior year. Segment revenues arising from the Partnered Discovery segment comprised €48.6 million in funded research and licensing fees (2008: €44.4 million) as well as €13.1 million in success-based payments (2008: €9.9 million). Segment revenues arising from the Proprietary Development segment included €1.0 million in funded research (2008: no revenues). The AbD Serotec research antibody segment generated 24 % or EUR 19.4 million of total revenues (2008: EUR 18.2 million). Assuming constant foreign exchange rates at the average rate of 2008, revenues in the AbD Serotec segment would have amounted to €19.7 million, an increase of 8.2 % over 2008.

Total operating expenses for the full year 2009 increased by 26 % to EUR 69.6 million (2008: EUR 55.2 million). The strong increase of €14.4 million was mainly caused by higher proprietary research and development (R&D) expenses and partially as a result of increased sales, general and administrative (S, G&A) expenses. Cost of goods sold (COGS) decreased by 6 % to EUR 6.7 million (2008: EUR 7.1 million). Research and development expenses rose by EUR 11.4 million or 41 % to EUR 39.0 million in 2009 (2008: EUR 27.6 million). The increase in R&D expenses mainly resulted from a higher level of investment in proprietary product development (including segment allocations) amounting to EUR 19.3 million (2008: EUR 8.9 million). Sales, general and administrative expenses increased by EUR 3.4 million to EUR 23.9 million (2008: EUR 20.5 million), mainly caused by increased costs for consulting services and personnel costs. Non-cash charges related to stock-based compensation are embedded in COGS, S,G&A and R&D expenses and amounted to EUR 1.7 million (2008: EUR 1.0 million).

Total Group operating profit decreased to EUR 11.4 million (2008: EUR 16.4 million). Partnered Discovery showed a segment operating profit of €39.6 million (2008: €34.4 million) while €19.3 million were invested into proprietary development (2008: investment of €8.9 million). In the AbD Serotec segment, operating profit significantly increased to €1.0 million (2008: €0.4 million), an operating margin of 5 %.

Non-operating income and expenses, including taxes, amounted in 2009 to EUR (2.5) million (2008: non-operating expenses of EUR 3.2 million). For the full year 2009, MorphoSys realized a net profit of EUR 9.0 million compared to a net profit of EUR 13.2 million in the previous year. The resulting diluted earnings per share for the year 2009 amounted to EUR 0.40 (2008: EUR 0.59).

On December 31, 2009, the Company had EUR 135.1 million in cash, cash equivalents, and marketable securities, compared to EUR 137.9 million as of December 31, 2008. Net cash outflow from operations in 2009 amounted to EUR 1.0 million (2008: net cash inflow EUR 28.6 million). The main reasons for the cash outflow were reduced profits, an increase in accounts receivable, and changes in the composition of deferred revenue. The number of issued shares at December 31, 2009 was 22,660,557, compared to 22,478,787 shares at December 31, 2008.

Fourth Quarter of 2009 (IFRS)

In the fourth quarter of 2009, the Company generated revenues of EUR 23.4 million, compared to EUR 18.4 million in the same quarter of 2008, an increase of 28 %. Total operating expenses amounted to EUR 21.4 million, compared to EUR 17.1 million in the same quarter of 2008. The increase of operating expenses was mainly due to increased costs for consulting services and personnel costs. The resulting operating profit amounted to EUR 2.1 million (Q4 2008: EUR 1.3 million). Net profit for the fourth quarter 2009 was EUR 1.3 million, compared to EUR 1.4 million in the fourth quarter of 2008.

Outlook for 2010

For 2010, MorphoSys anticipates total Group revenues of between EUR 89 million and EUR 93 million and anticipates an operating profit in the range of EUR 5 million to EUR 9 million. Backed by its sound financial position, MorphoSys will continue to increase its investment in proprietary R&D to between EUR 26 million and EUR 29 million during 2010. In addition, the Company continues to invest in technology development. For 2010, MorphoSys expects to make major progress in advancing its product pipeline and by the end of the year the Company projects its partnered and proprietary pipeline to comprise up to 14 programs in clinical trials, thereof at least 4 antibodies in Phase 2. MorphoSys's management team will provide a more detailed outlook in today's press conference and conference call.

MorphoSys will hold its analyst meeting and press conference today in Frankfurt to present the Annual Financial Results 2009 and the Outlook 2010.

Dial-in number for the press conference call (in German) at 10:00 am CET:

Germany: +49 (0) 89 2444 329 75

Dial-in number for the analyst meeting and press conference at 02:00 pm CET; 01:00 pm GMT; 08:00 am EST (listen-only):

Germany: +49 (0) 89 2444 329 75

For UK residents: +44 (0) 20 3003 2666

For US 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 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/>

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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:

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Financial Statements (IFRS):

Consolidated Statement of Operations (IFRS)

in €, except share data	Q4 2009 (unaudited)	2009	2008
Revenues	23,438,143	81,024,081	71,645,341
Cost of Goods Sold	1,686,565	6,743,836	7,138,484
Research & Development Expenses	11,479,457	38,967,305	27,599,615
Sales, General & Administrative Expenses	8,196,554	23,910,845	20,484,400
Total Operating Expenses	21,362,576	69,621,986	55,222,499
Profit from Operations	2,075,567	11,402,095	16,422,842
Finance Income	127,012	2,001,573	2,508,633
Finance Expense	3,267	9,538	6,468
Other Income	168,783	372,372	923,050
Other Expense	109,950	732,762	1,862,325
Profit before Taxes	2,258,145	13,033,740	17,985,732
Income Tax Expense	949,366	4,069,645	4,832,379
Net Profit	1,308,779	8,964,095	13,153,353
Basic Net Profit per Share	-	0.40	0.59
Diluted Net Profit per Share	-	0.40	0.59
Shares Used in Computing Basic Net Profit per Share	-	22,464,757	22,216,677
Shares Used in Computing Diluted Net Profit per Share	-	22,559,164	22,326,917

Condensed Consolidated Balance Sheet (IFRS)

in €	2009	2008
Current Assets		
Cash, Cash Equivalents and Available-for-Sale Financial Assets	135,138,887	137,865,742
Accounts Receivable	11,156,559	4,211,258
Tax Receivables	794,855	1,122,495
Other Receivables	257,550	109,900
Inventories, Net	3,990,238	3,521,451
Prepaid Expenses and Other Current Assets	3,481,709	2,563,030
Assets Classified as Held for Sale	771,798	722,036
Total Current Assets	155,591,596	150,115,912
Non-Current Assets		
Property, Plant and Equipment, Net	4,996,804	3,967,405
Patents, Net	789,798	1,199,267
Licenses, Net	13,780,534	15,377,995
Software, Net	712,482	663,964
Know-how & Customer Lists, Net	2,083,633	2,492,537
Goodwill	26,742,173	26,672,397
Deferred Tax Asset	221,534	1,720,750
Prepaid Expenses and Other Assets, Net of Current Portion	1,172,041	1,082,665
Total Non-Current Assets	50,498,999	53,176,980
Total Assets	206,090,595	203,292,892
Current Liabilities		
Accounts Payable	14,106,352	11,616,376
Licenses Payable	100,746	450,969
Provisions and Tax Liabilities	1,426,760	881,999
Current Portion of Deferred revenue	8,618,250	14,453,680
Total Current Liabilities	24,252,108	27,403,024
Non-Current Liabilities		
Provisions, Net of Current Portion	43,344	117,839
Deferred Revenue, Net of Current Portion	5,579,610	11,193,421
Convertible Bonds Due to Related Parties	32,670	48,670
Deferred Tax Liability	2,248,498	2,542,750
Total Non-Current Liabilities	7,904,122	13,902,680
Total Stockholders' Equity	173,934,365	161,987,188
Total Liabilities and Stockholders' Equity	206,090,595	203,292,892

Condensed Statement of Cash Flows (IFRS)

in €	2009	2008
Net Profit	8,964,095	13,153,353
Net Cash (Used in) / Provided by Operating Activities	(979,031)	28,647,573
Net Cash Provided by / (Used in) Investing Activities	625,732	(39,313,295)
Net Cash Provided by Financing Activities	1,404,028	2,491,513
Effect of Exchange Rate Differences on Cash	90,860	(119,128)
Increase/(Decrease) in Cash and Cash Equivalents	1,141,589	(8,293,337)
Cash and Cash Equivalents at the Beginning of the Period	40,113,727	48,407,064
Cash and Cash Equivalents at the End of the Period	41,255,316	40,113,727

Consolidated Financial Statements 2009 (IFRS) are available on our website:
<http://www.morphosys.com/FinancialReports>