



Press Release

Martinsried/Munich, April 27, 2010

MorphoSys AG Reports Results for the First Quarter of 2010

MorphoSys AG (FSE: MOR; Prime Standard Segment; TecDAX) today announced its financial results for the three months ending March 31, 2010 according to International Financial Reporting Standards (IFRS). Group revenues increased by 8 % to EUR 20.6 million (Q1 2009: EUR 19.1 million) and operating profit was EUR 4.7 million (Q1 2009: EUR 4.2 million). Net profit amounted to EUR 3.2 million (Q1 2009: EUR 3.5 million). As planned, MorphoSys further increased its investment in proprietary research and development, to EUR 4.6 million (Q1 2009: EUR 4.1 million). MorphoSys's cash position on March 31, 2010 was EUR 147.3 million (December 31, 2009: EUR 135.1 million). The Company re-confirmed its full year guidance 2010.

Highlights of the First Quarter of 2010

- In January 2010, MorphoSys began enrollment of rheumatoid arthritis patients in a phase 1b/2a clinical trial of its lead drug MOR103. MOR103 is a fully human HuCAL antibody directed against GM-CSF (granulocyte macrophage-colony stimulating factor), being developed in the area of inflammatory diseases, such as rheumatoid arthritis.
- MorphoSys's drug pipeline now comprises 72 therapeutic antibody programs in total, of which eight are currently in clinical development, 28 are in preclinical development and 36 are in the discovery phase. Seven of these are MorphoSys's proprietary programs, including the co-development program with Novartis, with MOR103 being the most advanced. The early-stage cancer program MOR203 was discontinued during the first quarter of 2010.
- MorphoSys and Galapagos expanded their antibody alliance in bone and joint diseases. Based on the solid progress made so far, the partners have agreed to add another antibody target to the alliance, thereby increasing the total number of programs to four.
- Shionogi expanded its current research license to cover the use of MorphoSys's HuCAL PLATINUM technology in drug discovery.
- MorphoSys and Wacker Chemie expanded their existing cooperation in the use of Wacker's bacterial secretion technology ESETEC[®]. As a result, MorphoSys will now be able to use the Wacker technology for the production of antigen material in addition to the production of antibodies in both the early development phase of therapeutic projects as well as in the production of diagnostic and research antibodies.
- MorphoSys's research and diagnostic antibody unit AbD Serotec has made significant progress using the HuCAL technology platform to generate custom-made monoclonal antibodies for research and diagnostic use. Over the course of the last four years, AbD Serotec's technical success rates have improved from 80% to 98%.
- The Japanese Patent Office granted a new patent providing extended protection for the Company's core technology HuCAL. The new patent (JP 4436457) covers the production and design of an antibody library based on phage display.

“In the first quarter, MorphoSys advanced its first proprietary antibody program into a phase 1b/2a trial in rheumatoid arthritis patients, a major milestone for our Company,” commented Dave Lemus, Chief Financial Officer of MorphoSys AG. “Our strong earnings-generating business allows us to further expand our proprietary product development activities in 2010 while maintaining our solid financial profile.”

Financial Review for First Quarter of 2010 (IFRS)

Group revenues for the first quarter of 2010 amounted to EUR 20.6 million (Q1 2009: EUR 19.1 million), an increase of 8 % over the prior year. Segment revenues arising from the Partnered Discovery segment accounted for EUR 15.1 million of the total (Q1 2009: EUR 14.2 million) and included success-based payments in the amount of EUR 1.3 million (Q1 2009: EUR 2.8 million). The Proprietary Development segment, comprising the Company's own and joint drug development activities contributed EUR 0.3 million to total revenues (Q1 2009: EUR 0.3 million). These revenues arise from Novartis's funding of a joint pre-development program. Revenues of the Research and Diagnostics segment AbD Serotec increased by 12 % to EUR 5.5 million (Q1 2009: EUR 4.9 million). Measured at constant foreign exchange rates as of Q1 2009, segment revenues in the Partnered Discovery and Proprietary Development segments would have amounted to EUR 15.4 million and revenues in the AbD Serotec segment would have remained unchanged at EUR 5.5 million. MorphoSys's overall revenue growth was driven primarily by higher levels of funded research and licensing fees in the Partnered Discovery segment as well as stronger sales in the AbD Serotec segment.

Total operating expenses for the first three months of 2010 amounted to EUR 15.9 million (Q1 2009: EUR 14.9 million), representing an increase of 7 % over the prior year, which was mainly the result of a higher level of investment in proprietary drug development, as planned. Cost of goods sold (COGS) remained unchanged in comparison to the first quarter of 2009 at EUR 1.7 million. Research and development expenses increased by 9 % to EUR 9.3 million (Q1 2009: EUR 8.5 million). These R&D expenses comprised costs for proprietary product and technology development in the amount of EUR 4.6 million (Q1 2009: EUR 4.1 million) as well as costs incurred on behalf of partners. Sales, general and administrative expenses increased by 2 % to EUR 4.9 million (Q1 2009: EUR 4.8 million). Non-cash charges related to stock-based compensation are embedded in COGS, S, G&A and R&D expenses and amounted to EUR 0.4 million (Q1 2009: EUR 0.3 million). Total operating profit amounted to EUR 4.7 million (Q1 2009: EUR 4.2 million).

The segment result for the Partnered Discovery segment amounted to EUR 10.0 million (Q1 2009: EUR 9.3 million), while the Proprietary Development segment showed a segment loss of EUR 4.3 million (Q1 2009: segment loss of EUR 3.8 million). In the AbD Serotec segment, operating profit significantly increased to EUR 0.9 million (Q1 2009: EUR 0.6 million) and would have amounted to €1.0 million under the assumption of constant foreign exchange rates at the average rate of Q1 2009. Unallocated corporate costs in the first three months of 2010 amounted to EUR 2.0 million (Q1 2009: EUR 1.9 million).

For the first three months of 2010, non-operating expenses amounted to EUR 0.1 million (Q1 2009: non-operating income of EUR 0.9 million). Profit before taxes amounted to EUR 4.6 million (Q1 2009: EUR 5.1 million).

For the first three months of 2010, the Company reported income tax expenses in the amount of EUR 1.4 million (Q1 2009: EUR 1.6 million).

Net profit for the first three months of 2010 amounted to EUR 3.2 million (Q1 2009: EUR 3.5 million). The resulting diluted earnings per share for the first three months of 2010 amounted to EUR 0.14 (Q1 2009: Diluted earnings per share of EUR 0.16).

On March 31, 2010, the Company had EUR 147.3 million in cash, cash equivalents, and marketable securities, compared to EUR 135.1 million as of December 31, 2009. Net cash inflow from operations in the first three months of 2010 amounted to EUR 13.1 million (Q1 2009: cash outflow of EUR 1.7 million). The number of issued shares at March 31, 2010 was 22,677,078, compared to 22,660,557 shares at December 31, 2009.

Financial Outlook for 2010

MorphoSys re-confirmed its financial guidance for 2010 as previously communicated in February 2010. The Company anticipates total group revenues between EUR 89 million and EUR 93 million, and an operating profit of EUR 5 million to EUR 9 million. In line with its plans to expand the Company's proprietary pipeline, MorphoSys anticipates making investments in technology and product development of between EUR 26 million and EUR 29 million, compared to EUR 19.3 million in the previous year.

MorphoSys will hold a public conference call today at **02:00 p.m. CEST** (08:00 a.m. EST, 01:00 p.m. BST) to present the Three Months Results 2010 and report on current developments.

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

Germany:	+49 (0) 89 24443 2975
For U.K. residents:	+44 (0) 20 3003 2666
For U.S. residents:	+1 212 999 6659

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

Approximately two hours after the press conference, an 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/>

HuCAL[®], HuCAL GOLD[®], HuCAL PLATINUM[®], CysDisplay[®] and RapMAT[®] are registered trademarks of MorphoSys AG.

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:

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Interim Financial Statements (IFRS):

Consolidated Statement of Operations (IFRS) - unaudited

	Three Months Ended March 31,	
in EURO, except share data	2010	2009
Revenues	20,565,380	19,134,502
Operating Expenses		
Cost of Goods Sold	1,728,501	1,663,498
Research & Development	9,311,518	8,483,600
Sales, General & Administrative	4,862,083	4,769,141
Total Operating Expenses	15,902,102	14,916,239
Profit from Operations	4,663,278	4,218,263
Finance Income	36,367	907,453
Finance Expense	4,440	1,230
Other Income	116,029	112,269
Other Expense	236,991	148,321
Profit before Taxes	4,574,243	5,088,434
Income Tax Expense	1,382,339	1,581,586
NET PROFIT	3,191,904	3,506,848
Basic Net Profit per Share	0.14	0.16
Diluted Net Profit per Share	0.14	0.16
Shares Used in Computing Basic Net Profit per Share	22,592,412	22,410,141
Shares Used in Computing Diluted Net Profit per Share	22,743,001	22,517,647

Condensed Consolidated Balance Sheet (IFRS)

in EURO	March 31, 2010 unaudited	December 31, 2009
Cash and Cash Equivalents & Available-for-sale Financial Assets	147,304,024	135,138,887
Accounts Receivable	5,313,554	11,156,559
Income Tax Receivables	142,876	794,855
Other Receivables	301,152	257,550
Inventories, Net	3,720,716	3,990,238
Prepaid Expenses and Other Current Assets	3,426,764	3,481,709
Assets Classified as Held for Sale	772,423	771,798
Total Current Assets	160,981,509	155,591,596
Property, Plant and Equipment, Net	5,150,663	4,996,804
Patents, Net	669,064	789,798
Licenses, Net	13,510,193	13,780,534
Software, Net	658,034	712,482
Know-how and Customer Lists, Net	1,997,846	2,083,633
Goodwill	26,706,372	26,742,173
Deferred Tax Asset	237,547	221,534
Prepaid Expenses and Other Assets, Net of Current Portion	1,142,930	1,172,041
Total Non-current Assets	50,072,649	50,498,999
Total Assets	211,054,158	206,090,595
Accounts Payable	10,006,156	14,106,352
Licenses Payable	459,696	100,746
Provisions and Tax Liabilities	2,254,223	1,426,760
Current Portion of Deferred Revenue	13,784,087	8,618,250
Total Current Liabilities	26,504,162	24,252,108
Provisions, Net of Current Portion	43,344	43,344
Deferred Revenue, Net of Current Portion	4,435,053	5,579,610
Convertible Bonds Due to Related Parties	32,670	32,670
Deferred Tax Liability	2,176,565	2,248,498
Total Non-current Liabilities	6,687,632	7,904,122
Total Stockholders' Equity	177,862,364	173,934,365
Total Liabilities and Stockholders' Equity	211,054,158	206,090,595

Condensed Statement of Cash Flows (IFRS) - unaudited

in EURO	For the Three Months Period ended	
	March 31, 2010	March 31, 2009
Net Profit	3,191,904	3,506,848
Net Cash Provided by / Used in Operating Activities	13,062,500	(1,670,448)
Net Cash Provided by / Used in Investing Activities	(9,001,636)	7,055,149
Net Cash Provided by / Used in Financing Activities	54,222	(66,999)
Effect of Exchange Rate Differences on Cash	(21,215)	(17,862)
Increase in Cash and Cash Equivalents	4,093,871	5,299,840
Cash and Cash Equivalents at the Beginning of the Period	41,255,316	40,113,727
Cash and Cash Equivalents at the End of the Period	45,349,187	45,413,567

The 1st Interim Report 2010 (January – March) is available on our website:
<http://www.morphosys.com/FinancialReports>