



Press Release

Martinsried/Munich, July 28, 2010

MorphoSys AG Reports Six Months 2010 Results Full Year Guidance 2010 Reconfirmed

MorphoSys AG (FSE: MOR; Prime Standard Segment; TecDAX) today announced its financial results for the six months ending June 30, 2010 according to International Financial Reporting Standards (IFRS). Group revenues increased by 15 % to EUR 43.5 million (H1 2009: EUR 37.9 million) and operating profit increased by 26 % to EUR 8.3 million (H1 2009: EUR 6.6 million). Net profit amounted to EUR 5.9 million (H1 2009: EUR 5.0 million), a gain of 18 % over the same period of the previous year. As planned, MorphoSys further increased its investment in proprietary research and development to EUR 11.1 million (H1 2009: EUR 8.5 million). MorphoSys's cash position on June 30, 2010 was EUR 152.1 million (December 31, 2009: EUR 135.1 million). The cash position at balance sheet date still includes the outstanding up-front payment of approx. EUR 10.5 million, which was paid to Xencor in early July. The Company re-confirmed its full year guidance for 2010.

<i>In EURO million</i>	H1 2010	H1 2009	Q2 2010	Q2 2009
Group Revenues	43.5	37.9	22.9	18.7
hereof AbD Serotec	10.6	9.7	5.1	4.9
Total Operating Expenses	35.2	31.3	19.3	16.4
Operating Profit	8.3	6.6	3.6	2.4
Net Profit	5.9	5.0	2.7	1.5

Highlights of the Second Quarter of 2010

- MorphoSys and US-based biopharmaceutical company Xencor signed a worldwide exclusive license and collaboration agreement for an anti-CD19 antibody in Phase 1 clinical development. The agreement provides MorphoSys with an exclusive worldwide license to XmAb5574 (now MOR208), a high potency monoclonal antibody developed by Xencor for the treatment of B-cell malignancies.
- MorphoSys's drug pipeline now comprises 72 therapeutic antibody programs in total, of which eleven are currently in clinical development, 26 are in preclinical development and 35 are in the discovery phase. Eight of these are MorphoSys's proprietary programs, including a joint pre-development program with Novartis. MOR103, currently in a Phase 1b/2a clinical study in rheumatoid arthritis patients, is the most advanced proprietary program.
- In May 2010, a first HuCAL antibody, developed by Novartis, achieved clinical proof of concept in an undisclosed indication.

- During the second quarter of 2010, MorphoSys received two phase 1 milestones, namely from Centocor and Novartis, for two partnered antibodies commencing clinical development.
- In June 2010, MorphoSys received a grant from the German Federal Ministry of Education and Research, BMBF. The funding of approximately EUR 1 million supports MorphoSys in accelerating the development of its HuCAL-based cancer program MOR202 for the treatment of multiple myeloma. The program is part of Munich's biotechnology initiative "m4 - Personalized Medicine and Targeted Therapies - A New Dimension in Drug Development in the Munich Region".
- MorphoSys's annual shareholder meeting, which took place in Munich on Friday, May 21, 2010, approved all management proposals put to vote at the meeting, including an authorization to repurchase shares.

"MorphoSys has become a credible development organization with a unique financial profile over the course of the last 18 months," commented Dave Lemus, Chief Financial Officer of MorphoSys AG. "Our goal has been, and remains, to build a sustainable portfolio of antibody drug candidates, while maintaining our financial discipline."

"Our therapeutic antibody pipeline continues to expand and mature. By in-licensing a promising, highly innovative Phase 1 antibody from Xencor, we took a significant step in the execution of our plan to build a strong portfolio of proprietary therapeutic antibodies to complement those being developed by our partners," commented Dr. Simon Moroney, Chief Executive Officer of MorphoSys AG. "Our exceptionally strong cash-flow is enabling us to drive a substantial proprietary research and development effort, which is a very important value driver for the Company. We're on track to achieving the goals we set ourselves at the beginning of the year, in both the therapeutic and AbD Serotec business segments."

Financial Review for the First Six Months of 2010 (IFRS)

Group revenues for the first six months of 2010 amounted to EUR 43.5 million (H1 2009: EUR 37.9 million), an increase of 15 % over the prior year. Segment revenues arising from the Partnered Discovery segment accounted for EUR 32.8 million of the total (H1 2009: EUR 28.1 million) and included success-based payments in the amount of EUR 3.6 million (H1 2009: EUR 5.4 million). The Proprietary Development segment, comprising the Company's own and joint drug development activities contributed EUR 0.6 million to total revenues (H1 2009: EUR 0.5 million). These revenues arise from Novartis's funding of a joint pre-development program. Revenues in the Research and Diagnostics segment AbD Serotec increased by 9 % to EUR 10.6 million (H1 2009: EUR 9.7 million). Measured at constant foreign exchange rates as of H1 2009, segment revenues in the Partnered Discovery and Proprietary Development segments would have remained unchanged and revenues in the AbD Serotec segment would have amounted to EUR 10.4 million.

Total operating expenses for the first six months of 2010 amounted to EUR 35.2 million (H1 2009: EUR 31.3 million), representing an increase of 12 % 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) increased in comparison to the first six months of 2009

by 15 % to EUR 3.8 million. Research and development expenses increased by 14 % to EUR 20.5 million (H1 2009: EUR 18.0 million). These R&D expenses comprised costs for proprietary product and technology development in the amount of EUR 11.1 million (H1 2009: EUR 8.5 million) as well as costs incurred on behalf of partners. Sales, general and administrative expenses increased by 9 % to EUR 10.9 million (H1 2009: EUR 10.0 million). Non-cash charges related to stock-based compensation are embedded in COGS, S, G&A and R&D expenses and amounted to EUR 1.0 million (H1 2009: EUR 0.8 million). Total operating profit amounted to EUR 8.3 million (H1 2009: EUR 6.6 million).

The segment income for the Partnered Discovery segment amounted to EUR 22.2 million (H1 2009: EUR 18.0 million), while the Proprietary Development segment showed a segment loss of EUR 10.5 million (H1 2009: segment loss of EUR 8.0 million). In the AbD Serotec segment, operating profit decreased to EUR 0.9 million (H1 2009: EUR 1.1 million) and would have amounted to €0.9 million under the assumption of constant foreign exchange rates at the average rate of H1 2009. Unallocated corporate costs in the first six months of 2010 amounted to EUR 4.3 million (H1 2009: EUR 4.4 million).

For the first six months of 2010, non-operating income amounted to EUR 0.4 million (H1 2009: non-operating income of EUR 1.1 million). Profit before taxes amounted to EUR 8.7 million (H1 2009: EUR 7.7 million).

For the first six months of 2010, the Company reported income tax expenses in the amount of EUR 2.9 million (H1 2009: EUR 2.7 million).

Net profit for the first six months of 2010 amounted to EUR 5.9 million (H1 2009: EUR 5.0 million). The resulting diluted earnings per share for the first six months of 2010 amounted to EUR 0.26 (H1 2009: Diluted earnings per share of EUR 0.22).

On June 30, 2010, the Company had EUR 152.1 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 six months of 2010 amounted to EUR 28.5 million (H1 2009: cash inflow of EUR 6.6 million). The number of issued shares at June 30, 2010 was 22,677,078, compared to 22,660,557 shares at December 31, 2009.

Financial Review for the Second Quarter of 2010 (IFRS)

In the second quarter of 2010, revenues increased by 22 % to EUR 22.9 million, compared to EUR 18.7 million in the same quarter of 2009. Total operating expenses amounted to EUR 19.3 million, compared to EUR 16.4 million in the same period of 2009. The resulting profit from operations for the second quarter of 2010 amounted to EUR 3.6 million, compared to EUR 2.4 million in the same period of 2009. A net profit of EUR 2.7 million was achieved in the second quarter of 2010, compared to EUR 1.5 million during the same period in 2009.

Financial Outlook for 2010

MorphoSys re-confirmed its financial guidance for 2010 as previously communicated in February. 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 Six Months Results 2010 and report on current developments.

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

Germany:	+49 (0) 89 2444 32975
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/>

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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 MorphoSys:

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2nd Interim Financial Statements (IFRS), January – June 2010:

Consolidated Statement of Operations (IFRS) - unaudited

in EURO, except share data	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Revenues	22,896,162	18,743,211	43,461,542	37,877,713
Operating Expenses				
Cost of Goods Sold	2,079,137	1,656,394	3,807,638	3,319,892
Research & Development	11,166,877	9,471,378	20,478,395	17,954,978
Sales, General & Administrative	6,008,291	5,222,095	10,870,374	9,991,236
Total Operating Expenses	19,254,305	16,349,867	35,156,407	31,266,106
Profit from Operations	3,641,857	2,393,344	8,305,135	6,611,607
Finance Income	714,247	230,742	750,614	1,138,195
Finance Expense	4,599	3,358	9,039	4,588
Other Income	61,225	81,075	177,254	193,344
Other Expense	268,566	88,907	505,557	237,228
Profit before Taxes	4,144,164	2,612,896	8,718,407	7,701,330
Income Tax Expense	1,471,687	1,075,753	2,854,026	2,657,339
NET PROFIT	2,672,477	1,537,143	5,864,381	5,043,991
Basic Net Profit per Share	0.12	0.07	0.26	0.23
Diluted Net Profit per Share	0.12	0.07	0.26	0.22
Shares Used in Computing Basic Net Profit per Share	22,597,182	22,412,391	22,594,797	22,411,266
Shares Used in Computing Diluted Net Profit per Share	22,685,398	22,503,994	22,721,085	22,510,795

Condensed Consolidated Balance Sheet (IFRS)

in EURO	June 30, 2010	December 31, 2009
Cash and Cash Equivalents & Available-for-sale Financial Assets	152,075,387	135,138,887
Accounts Receivable	5,761,563	11,156,559
Income Tax Receivables	480,679	794,855
Other Receivables	312,657	257,550
Inventories, Net	3,940,720	3,990,238
Prepaid Expenses and Other Current Assets	3,071,863	3,481,709
Assets Classified as Held for Sale	846,024	771,798
Total Current Assets	166,488,893	155,591,596
Property, Plant and Equipment, Net	5,045,126	4,996,804
Patents, Net	544,502	789,798
Licenses, Net	13,030,999	13,780,534
Intangible Assets under Development	10,513,100	-
Software, Net	605,092	712,482
Know-how and Customer Lists, Net	2,027,215	2,083,633
Goodwill	26,750,616	26,742,173
Deferred Tax Asset	269,666	221,534
Prepaid Expenses and Other Assets, Net of Current Portion	1,274,203	1,172,041
Total Non-current Assets	60,060,519	50,498,999
Accounts Payable	11,263,610	14,106,352
Licenses Payable	10,636,066	100,746
Provisions and Tax Liabilities	3,311,626	1,426,760
Current Portion of Deferred Revenue	16,874,721	8,618,250
Provisions, Net of Current Portion	43,344	43,344
Deferred Revenue, Net of Current Portion	748,934	5,579,610
Convertible Bonds Due to Related Parties	32,670	32,670
Deferred Tax Liability	2,189,649	2,248,498
Total Non-current Liabilities	3,014,597	7,904,122
Total Stockholders' Equity	181,448,792	173,934,365
Total Liabilities and Stockholders' Equity	226,549,412	206,090,595

Condensed Statement of Cash Flows (IFRS)

in EURO	For the Six Months Period ended	
	June 30, 2010	June 30, 2009
Net Profit	5,864,381	5,043,991
Net Cash Provided by Operating Activities	28,546,907	6,623,813
Net Cash Used in Investing Activities	(26,497,657)	(3,060,468)
Net Cash Provided by / Used in Financing Activities	47,898	(33,669)
Effect of Exchange Rate Differences on Cash	108,889	136,272
Increase in Cash and Cash Equivalents	2,206,037	3,665,948
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	43,461,353	43,779,675

The complete 2nd Interim Report 2010 (January - June) is available on our website:
<http://www.morphosys.com/FinancialReports>