



Press Release

Martinsried/Munich, October 28, 2009

MorphoSys AG Reports Results for the First Nine Months of 2009

Full Year Guidance Confirmed

MorphoSys AG (FSE: MOR; Prime Standard Segment; TecDAX) today announced its financial results for the nine months ending September 30, 2009 according to International Financial Reporting Standards (IFRS). Group revenues increased by 8 % to EUR 57.6 million (first nine months 2008: EUR 53.3 million) and operating profit was EUR 9.3 million (first nine months 2008: EUR 15.1 million). Net profit amounted to EUR 7.7 million (first nine months 2008: EUR 11.8 million). The main reason for the change in profits was, as planned, increased investment in proprietary drug development, amounting to EUR 11.9 million (first nine months 2008: EUR 3.6 million). MorphoSys's cash position on September 30, 2009 was EUR 139.8 million (December 31, 2008: EUR 137.9 million). The results are broadly in line with the Company's full year guidance.

Highlights of the Third Quarter of 2009

- Regarding the Company's partnered discovery activities, Bayer Schering Pharma advanced an antibody program into clinical development, triggering a milestone payment to MorphoSys. Bayer Schering Pharma was the third partner in 2009 to file a clinical trial application for a HuCAL-based program, bringing the total number of partnered antibody programs in clinical trials to seven.
- The value of MorphoSys's largest alliance with Novartis was further enhanced by Novartis's commitment to the full ten-year term of the strategic alliance signed in December 2007. The achievement of certain predefined improvements in MorphoSys's proprietary technologies was the catalyst for this event.
- MorphoSys submitted an application for the authorization of a phase 1b/2a clinical study in patients with active rheumatoid arthritis (RA) for its lead drug MOR103, a fully human HuCAL-derived monoclonal antibody directed against Granulocyte Macrophage-Colony Stimulating Factor (GM-CSF). The Company expects to start the study as planned in the last quarter of 2009.
- The appointment of Lisa Rojkaer as Vice President and Head of Clinical Development further strengthened the Company's development team.
- MorphoSys's drug pipeline now comprises 68 therapeutic antibody programs in total, of which eight are currently in clinical development, 28 are in preclinical development and 32 are in the discovery phase. Six of these are MorphoSys's proprietary programs, with MOR103 being the most advanced.
- AbD Serotec, MorphoSys's research and diagnostics segment continued to expand into the diagnostics market and signed two new agreements. Spinreact S.A. will incorporate antibodies from AbD Serotec in a series of clinical diagnostic kits. Separately, AbD Serotec will collaborate with FIND diagnostics, Switzerland, to develop new diagnostic tools for poverty related diseases such as malaria and tuberculosis.

“Today's results demonstrate MorphoSys remains in top form despite the challenging economic climate in the first nine months of this year,” commented Dave Lemus, Chief Financial Officer of MorphoSys AG. “Based on stable and secured cash flows resulting from our partnered discovery business and that of AbD Serotec, we continue to further expand our proprietary product development activities, thereby generating long term value for the Company.”

Financial Review for Nine Months of 2009 (IFRS)

Group revenues for the first nine months of 2009 amounted to EUR 57.6 million (first nine months 2008: EUR 53.3 million), an increase of 8 % over the prior year. Segment revenues arising from the Partnered Discovery segment accounted for 75 % or EUR 42.9 million of the total (first nine months 2008: EUR 40.6 million) and included success-based payments in the amount of EUR 7.8 million, while the Proprietary Development segment, comprising the Company's own and joint drug development activities contributed EUR 0.8 million to total revenues. These revenues arise from Novartis's funding of a joint pre-development program. The Research and Diagnostics segment AbD Serotec generated 25 % or EUR 14.6 million of total revenues (first nine months 2008: EUR 13.4 million). Measured at constant foreign exchange rates, segment revenues in the Partnered Discovery and Proprietary Development segments would have amounted to EUR 43.4 million and revenues in the AbD Serotec segment would have amounted to EUR 14.7 million. MorphoSys's overall revenue growth was driven primarily by higher levels of funded research, licensing fees and success-based revenues in the Partnered Discovery and Proprietary Development segments as well as increased sales across the AbD Serotec segment.

Total operating expenses for the first nine months of 2009 amounted to EUR 48.3 million (first nine months 2008: EUR 38.2 million), representing an increase of 26 % over the prior year, which was mainly driven by a higher level of investment in proprietary drug development, as planned. Cost of goods sold (COGS) decreased to EUR 5.1 million (first nine months 2008: EUR 5.2 million). Research and development expenses increased by 50 % to EUR 27.5 million (first nine months 2008: EUR 18.3 million). These R&D expenses comprised costs for proprietary product and technology development in the amount of EUR 12.3 million (first nine months 2008: EUR 4.0 million) as well as costs incurred on behalf of partners. Sales, general and administrative expenses increased by 8 % to EUR 15.7 million (first nine months 2008: EUR 14.6 million). Non-cash charges related to stock-based compensation are embedded in COGS, S, G&A and R&D expenses and amounted to EUR 1.3 million (first nine months 2008: EUR 0.8 million). Total operating profit amounted to EUR 9.3 million (first nine months 2008: EUR 15.1 million).

The segment result for the Partnered Discovery segment amounted to EUR 27.3 million (first nine months 2008: EUR 26.0 million), while the Proprietary Development segment showed a segment loss of EUR 12.4 million (first nine months 2008: segment loss of EUR 4.8 million). In the AbD segment, operating profit significantly increased to € 1.4 million (first nine months 2008: € 0.3 million) and would have amounted to € 0.8 million under the assumption of constant foreign exchange rates at the average rate of 2008. Unallocated corporate costs in the first nine months of 2009 amounted to EUR 7.0 million (first nine months 2008: EUR 6.4 million).

For the first nine months of 2009, non-operating income amounted to EUR 1.4 million (first nine months 2008: EUR 1.3 million). Profit before taxes amounted to EUR 10.8 million (first nine months 2008: EUR 16.4 million).

For the first nine months of 2009, the Company reported income tax expenses in the amount of EUR 3.1 million (first nine months 2008: EUR 4.7 million).

Net profit for the first nine months of 2009 amounted to EUR 7.7 million compared to a net profit of EUR 11.8 million in the same period of the previous year. The resulting diluted earnings per share for the first nine months of 2009 amounted to EUR 0.34 (first nine months 2008: Diluted earnings per share of EUR 0.53).

On September 30, 2009, the Company had EUR 139.8 million in cash, cash equivalents, and marketable securities, compared to EUR 137.9 million as of December 31, 2008. Cash inflow from operations in the first nine months of 2009 amounted to EUR 3.0 million (first nine months 2008: EUR 18.7 million). The number of issued shares at September 30, 2009 was 22,604,457, compared to 22,478,787 shares at December 31, 2008.

Financial Review for the Third Quarter of 2009 (IFRS)

In the third quarter of 2009, revenues decreased slightly to EUR 19.7 million, compared to EUR 20.0 million in the same quarter of 2008. Total operating expenses amounted to EUR 17.0 million, compared to EUR 12.9 million in the same period of 2008. The resulting profit from operations for the third quarter of 2009 amounted to EUR 2.7 million, compared to EUR 7.1 million in the same period of 2008. A net profit of EUR 2.6 million resulted for the third quarter of 2009, compared to EUR 5.5 million during the same period of 2008.

Financial Outlook for 2009

MorphoSys re-confirmed its financial guidance for 2009 as previously communicated in February 2009. The Company anticipates total group revenues between EUR 80 million and EUR 85 million, and an operating profit of EUR 8 million to EUR 11 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 18 million and EUR 20 million, compared to EUR 7.7 million in the previous year. Regarding the AbD segment, the Company continues to expect revenues of approximately €20 million but has today increased the operating margin guidance (previously at least 2%) to up to 6%, depending on operational developments and currency exchange rates.

MorphoSys will hold a public conference call today at **02:00 p.m. CET** to present the Nine Months Results 2009 and report on current developments.

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

Germany: +49 (0) 69 7104 8870
For U.K. residents: +44 (0) 1212 60 48 61
For U.S. residents: +1 (1) 866 268 19 47

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, within which it plans to have eight active programs by the end of 2009. Its most advanced program is MOR103, a first-in-class, fully human antibody against GM-CSF. MorphoSys expects to commence a Phase Ib/IIa trial of this antibody in rheumatoid arthritis patients in the second half of 2009. 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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Interim Financial Statements (IFRS):

**Consolidated Statement of
Operations (IFRS) - unaudited**

in EURO, except share data	Three Months Ended Sep 30,		Nine Months Ended Sep 30,	
	2009	2008	2009	2008
Revenues	19,708,225	20,002,476	57,585,938	53,258,282
Operating Expenses				
Cost of Goods Sold	1,737,379	1,706,263	5,057,271	5,232,897
Research & Development Expenses	9,532,870	6,792,959	27,487,848	18,322,615
General & Administrative Expenses	5,723,055	4,392,914	15,714,291	14,602,572
Total Operating Expenses	16,993,304	12,892,136	48,259,410	38,158,084
Profit from Operations	2,714,921	7,110,340	9,326,528	15,100,198
Finance Income	736,366	669,438	1,874,561	2,002,316
Finance Expense	1,683	1,617	6,271	4,851
Other Income	10,245	68,637	203,589	351,959
Other Expense	385,584	490,837	622,812	1,002,003
Profit before Taxes	3,074,265	7,355,961	10,775,595	16,447,619
Income Tax Expense	462,940	1,886,962	3,120,279	4,677,222
NET PROFIT	2,611,325	5,468,999	7,655,316	11,770,397
Basic Net Profit per Share	0.12	0.25	0.34	0.53
Diluted Net Profit per Share	0.12	0.24	0.34	0.53
Shares Used in Computing Basic Net Profit per Share	22,471,053	22,261,362	22,431,195	22,174,437
Shares Used in Computing Diluted Net Profit per Share	22,591,518	22,398,351	22,508,245	22,298,088

Condensed Consolidated Balance Sheet (IFRS)

in €	September 30, 2009 unaudited	December 31, 2008
Cash and Cash Equivalents & Available-for-sale Financial Assets	139,764,681	137,865,742
Accounts Receivable	7,403,238	4,211,258
Income Tax Receivables	533,590	1,122,495
Other Receivables	126,417	109,900
Inventories, Net	4,023,604	3,521,451
Prepaid Expenses and Other Current Assets	3,485,339	2,563,030
Assets Classified as Held for Sale	755,187.00	722,036
Total Current Assets	156,092,056	150,115,912
Property, Plant and Equipment, Net	4,361,034	3,967,405
Patents, Net	898,659	1,199,267
Licenses, Net	14,204,843	15,377,995
Software, Net	729,473	663,964
Know-how and Customer Lists, Net	2,194,568	2,492,537
Goodwill	26,732,557	26,672,397
Deferred Tax Asset	455,814	1,720,750
Prepaid Expenses and Other Assets, Net of Current Portion	1,192,991	1,082,665
Total Non-current Assets	50,769,939	53,176,980
Total Assets	206,861,995	203,292,892
Accounts Payable	11,415,266	11,616,376
Licenses Payable	187,176	450,969
Tax Liabilities	1,222,842	881,999
Current Portion of Deferred Revenue	13,494,599	14,453,680
Total Current Liabilities	26,319,883	27,403,024
Provisions, Net of Current Portion	117,839	117,839
Deferred Revenue, Net of Current Portion	6,622,652	11,193,421
Convertible Bonds Due to Related Parties	80,150	48,670
Deferred Tax Liability	2,185,165	2,542,750
Total Non-current Liabilities	9,005,806	13,902,680
Total Stockholders' Equity	171,536,306	161,987,188
Total Liabilities and Stockholders' Equity	206,861,995	203,292,892

Condensed Statement of Cash Flows (IFRS) - unaudited

in €	For the Nine Months Period ended	
	September 30, 2009	September 30, 2008
Net Profit	7,655,316	11,770,397
Net Cash Provided by Operating Activities	2,952,709	18,708,041
Net Cash Provided by / Used in Investing Activities	1,917,996	(25,743,762)
Net Cash Provided by Financing Activities	865,263	1,676,897
Effect of Exchange Rate Differences on Cash	108,595	33,219
(Decrease) / Increase in Cash and Cash Equivalents	5,844,563	(5,325,605)
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	45,958,290	43,081,459

The 3rd Interim Report 2009 (January – September) is available on our website:
<http://www.morphosys.com/FinancialReports>