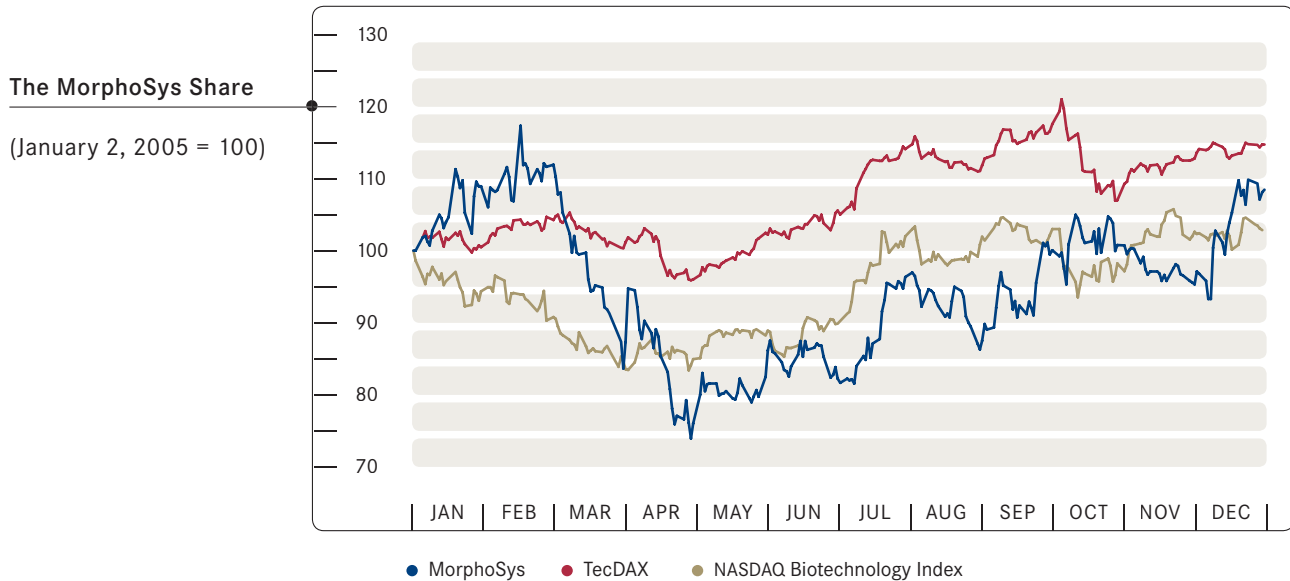


The MorphoSys Share

The performance of the global stock markets varied widely in 2005. Negative factors, including high oil prices, a weak dollar, fear of inflation, and natural disasters such as Hurricane Katrina, caused uncertainty across the markets. However, the key stock indices, including the DAX, the Dow Jones and the Nikkei, rose over the course of the year.



The pharmaceutical and biotechnology sectors were affected by a number of factors. Biotechnology stocks in particular suffered several setbacks with the NASDAQ Biotechnology Index not showing an overall rise until the second half of 2005. While pharmaceutical stocks mainly increased in value, the uncertainty surrounding drug safety, especially after the withdrawal of the painkiller Vioxx® in fall 2004, had a negative effect.

Key Data for the MorphoSys Share in 2005

Designated Sponsors:
DZ Bank AG, WestLB AG

Share Price as of December 30, 2005	€ 41.32
High (2/14/2005)	€ 44.69
Low (4/28/2005)	€ 28.20
Shares Issued as of December 30, 2005	6,025,863
Market Capitalisation as of December 30, 2005	€ 248 m
Average Daily Trading Volume (in Shares)	€ 1.4 m
Volatility	37%

Facts and Figures

ISIN: DE0006632003

WKN: 663200

Frankfurt Stock

Exchange: MOR

Bloomberg: MOR DE

Reuters: MORG.DE

ADR Level I: MPSYY

MorphoSys's Share Price Development



Dave Lemus
Chief Financial Officer

After having gained more than 240% in 2004, MorphoSys shares largely consolidated in value in 2005. At the end of the year, the shares closed at € 41.32, up 8% compared to the closing price in 2004.

After admission to the TecDAX—the index of the 30 largest technology stocks on the Frankfurt Stock Exchange—on September 20, 2004, MorphoSys shares have firmly established themselves in Germany, occupying 26th place based on market capitalization and 15th place based on trading volume at the end of 2005 (December 31, 2004: 24th place for market capitalization and 14th place for trading volume).

For the first time, traded derivatives were issued by three different banks in 2005, reflecting an increasing interest in trading the MorphoSys shares.

The liquidity of the MorphoSys share remained high in 2005, with an average daily trading volume of € 1.4 million, a slight decline in € terms of 1% compared to the previous year. This, in contrast, to the TecDAX segment which witnessed decreased trading volumes of 23% compared to 2004. As a measure of liquidity and stabilization of the MorphoSys share, volatility of the MorphoSys share price has decreased from 73% in 2004 to 37% in 2005.



Dr. Bernhard Erning
Director, Head of Treasury
and Corporate Development

Corporate Actions in 2005

On March 16, 2005, MorphoSys raised its share capital to € 17,786,955 through the issuance of 490,133 new shares to institutional investors, chiefly throughout Europe. As a result of the capital increase, gross issuing proceeds of approximately € 17.4 million were raised. In order to promptly provide new investors with their shares, securities lending agreements were concluded with Schering AG as well as Dr. Simon Moroney, CEO of MorphoSys AG, and Prof. Dr. Andreas Plückthun, a member of the Supervisory Board of MorphoSys AG.

The funds raised are being used for existing and future expansion opportunities to speed up internal and external growth, mainly in the area of research antibodies.

Shareholder Structure

At the end of 2005, the free float according to the definition of Deutsche Börse, which is the criterion for the weighting of MorphoSys shares on various indices, amounted to approximately 80%. The remaining 20% is divided among three companies: 6% is held by Cambridge Antibody Technology (CAT) according to their annual report of September 30, 2005, 8% by Novartis Pharma AG, and 6% by Schering AG. In December 2002, CAT acquired shares as part of the patent dispute settlement with MorphoSys and sold about one third of its shareholding during 2005. Both Schering and Novartis acquired shares as part of their strategic partnerships with MorphoSys. Members of the Management and Supervisory Boards of MorphoSys hold approximately 3% of the share capital.

Corporate Communications

MorphoSys is in regular contact with its shareholders and investors. One of the most important goals of our corporate communications effort is to convey the Company’s future potential as well as to provide prompt and detailed information about the Company and its activities to all shareholders and the capital markets.

Financial Institutions Covering MorphoSys AG

As of December 31, 2005
Bankhaus Metzler seel. Sohn & Co.
Credit Suisse First Boston
DZ Bank
Equinet
Jefferies International Ltd.
Landesbank Baden-Württemberg
M.M. Warburg & Co.
Midas Research
SG Cowen
Viscardi
Vontobel
WestLB

Toward this end, MorphoSys AG participated in a total of 17 national and international investor conferences over the course of 2005. The Management Board presented the Company story and its underlying business model in detail to investors in Germany and abroad in numerous individual meetings.

MorphoSys mainly uses its own homepage to provide general information about the Company.

MorphoSys AG’s corporate communications received several awards in 2005. As in the previous year, MorphoSys was awarded an excellent rating in the Corporate Governance Survey,



Dr. Claudia Gutjahr-Löser
Director, Head of Corporate
Communications

a study by ergo Unternehmenskommunikation GmbH to examine the quality of corporate governance. The Company took first place in the TecDAX segment and was the best-performing biotechnology stock on the Frankfurt Stock Exchange. In the small- and mid-cap category, which comprises companies of the SDAX, the MDAX, and the TecDAX, MorphoSys ranked among the five best companies for the third year in a row.

In the “Euro Corporate Governance Quality Award 2005”, MorphoSys ranked second in the TecDAX segment. The study, initiated by the economics magazine Euro, is carried out annually with the University of Hamburg.

The Company’s annual report was awarded the silver medal in the International Annual Reports Competition (ARC), which is among the most prestigious international prizes for annual reports. The competition is organized by the International Academy of Communications and Sciences/ MerComm, Inc., in New York. For the 2005 annual report competition, 1,900 reports were submitted in 12 categories.



Mario Brkulj
Manager Public Relations

Legal Changes in 2005

The German Act on Corporate Integrity and Modernization of the Right of Rescission (Gesetz zur Unternehmensintegrität und Modernisierung des Anfechtungsrechts – UMAG) became effective on November 1, 2005, such that the ten-point program of the German Federal Government to improve corporate integrity and investor protection is now almost concluded. The aim of the UMAG is to help regain investors’ confidence in the integrity, stability and transparency of the stock markets.

The following core points of the law must be emphasized:

- Civil liability actions will be simplified, as will actions for damages by the Company against members of the Management Board and the Supervisory Board in the event of dishonesty and gross law infringements.
- Misuse of rescissory actions against resolutions of the Annual Shareholders’ Meeting shall be prevented.
- The system of registering and identifying shareholders for participation in the Annual Shareholders’ Meeting and to exercise voting rights will be modernized and adapted to international conventions. From 2006, the deadline for identification of the shareholders (record date) will be fixed as the 21st day before the Annual Shareholders’ Meeting, as is common practice internationally. Thus, the use of the deposit deadline practiced to date no longer applies.

MorphoSys has already adapted its Articles of Association. To participate in the next Annual Shareholders’ Meeting in May 2006, shareholders need only to provide proof of their legal right to participate the Annual Shareholders’ Meeting. To exercise their voting rights the documents which confirms their shareholding and issued by the depositing bank must be delivered to MorphoSys by the end of the seventh day before the date of the Annual Shareholders’ Meeting at the latest.