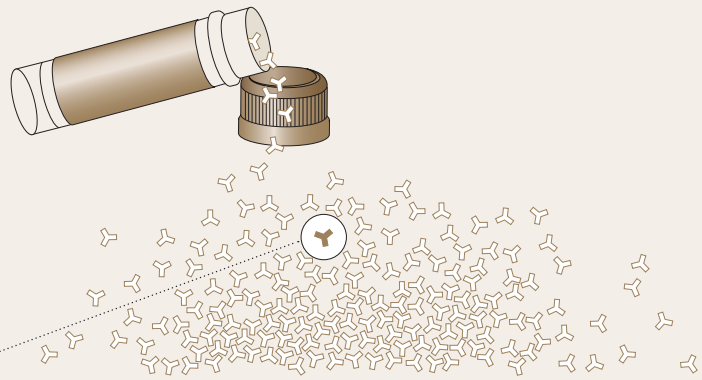
ENGINEERING THE MEDICINES OF TOMORROW

MorphoSys has developed HuCAL GOLD into a leading technology for the production of fully human antibodies. The Company uses its proprietary technology in two areas: for the development of novel therapeutics and research antibodies.

In the therapeutic segment, MorphoSys has created a strong market position and validated its technology through several corporate partnerships. The Company is currently involved in more than 50 different partnered therapeutic development programs in addition to its two internal programs targeting rheumatoid arthritis and cancer. Proprietary drug development offers very significant potential for the Company. During 2007, MorphoSys has set the course to maximize this potential.

All currently marketed antibody therapeutics are based on the research results of the past years and decades. Scientists worldwide are now working on the medicines of the future. Through its involvement in the research antibody market, MorphoSys is securing its access to innovative therapeutic approaches and opening up new opportunities, for example, in disease diagnosis.

THERAPEUTIC ANTIBODIES



Antibody-based therapeutics have significantly improved treatment options for many serious and life-threatening diseases such as rheumatoid arthritis and cancer.

MORPHOSYS IS DEVELOPING A LARGE NUMBER OF THERAPEUTIC COMPOUNDS, BOTH INTERNALLY AND WITH PARTNERS. THE FUTURE WILL BE CHARACTERIZED BY MANY PRODUCTS BASED ON MORPHOSYS'S TECHNOLOGY.

Antibodies are well established as an innovative class of therapeutics. In patients, antibodies signal the human immune system that disease-causing elements, such as bacteria, viruses or cancerous cells, are present and then aid in their destruction. Selectively targeted, antibodies also avoid the damaging over-stimulation of the immune system.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ANTIBODIES FLAG CANCER CELLS FOR DESTRUCTION

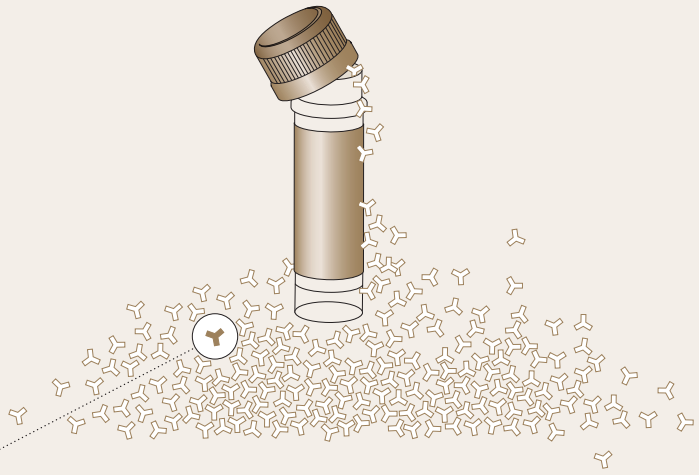
Cancer cells are often differentiated from normal cells by specific cell-surface markers. These markers represent a point of attack for an antibody-based therapy. Antibodies bind to this receptor and signal the immune system of the presence of a disease-causing cell.

Therapeutic antibodies represent the most successful class of drugs developed by biotechnology and remain the fastest growing market within the pharmaceutical industry.

IN 2007, THE 20 MARKETED THERAPEUTIC ANTIBODIES TOGETHER PRODUCED APPROXIMATELY 25 BILLION US$ IN REVENUE.

Over the last several years, MorphoSys has created a broad pipeline of drug candidates in partnership with leading pharmaceutical companies. Due to the financial support made possible by its strategic alliance with Swiss pharmaceutical giant Novartis, MorphoSys intends to intensify its own internal drug development efforts. Through this, the Company will increase its share of the financial benefits of successfully developed therapeutics.

ANTIBODIES IN RESEARCH



For decades, antibodies have been critical to scientific research and discovery. They remain one of the most widely used molecular tools in the lab.

IN THE PAST, RESEARCH ANTIBODIES WERE ALMOST ENTIRELY PRODUCED FROM ANIMALS. MORPHOSYS'S TECHNOLOGY CAN REPLACE THIS ANTIQUATED SYSTEM.

Due to their ability to selectively bind to other substances, in particular specific components of proteins, antibodies are ideal "detectives" to locate and prove the presence of even minuscule amounts of target molecules. A portion of all research antibodies in use could therefore be useful for diagnostic or therapeutic applications.

ANTIBODIES AS MOLECULAR SEARCH ENGINES

In a test procedure, scientists can analyze the entire protein configuration of a cell. Antibodies mark the relevant proteins for the experiment. The missing or altered amount of the protein produces an indication of the function of the protein under examination.

The research antibody market is currently in technological and structural transition. MorphoSys sees this as an exciting opportunity for further growth.

ON A YEARLY BASIS, RESEARCHERS WORLDWIDE INVEST APPROXIMATELY ONE BILLION EUROS IN RESEARCH ANTIBODIES. MORPHOSYS INTENDS TO ESTABLISH ITSELF AS THE WORLD LEADER IN THIS MARKET.

MorphoSys's business segment AbD Serotec has become an established name in the market for research antibodies. AbD is the only provider of novel research antibodies created through modern technology and not animal-based processes. The primary competitive advantages of this technology include speed and flexibility in the choice of products.