

Company Update



29th Annual J.P. Morgan Healthcare Conference – January 2011

This presentation includes forward-looking statements.

Actual results could differ materially from those included in the forward-looking statements due to various risk factors and uncertainties including changes in business, economic competitive conditions, regulatory reforms, foreign exchange rate fluctuations and the availability of financing.

These and other risks and uncertainties are detailed in the Company's Annual Report.

MorphoSys at a Glance



Company	<ul style="list-style-type: none">■ An independent antibody company■ Martinsried/Germany, with sites in UK & US■ Frankfurt Stock Exchange – TecDAX
Business	<ul style="list-style-type: none">■ Therapeutic antibodies■ Research & diagnostic antibodies (AbD Serotec)
Technology	<ul style="list-style-type: none">■ Leading, proprietary HuCAL platform■ New technology from Sloning acquisition
Pipeline	<ul style="list-style-type: none">■ Over 70 therapeutic antibody programs■ Strong alliances with pharma companies
Financials	<ul style="list-style-type: none">■ Sustainable profitability funds proprietary R&D■ 10-year, \$1bn strategic alliance with Novartis■ Cash balance in excess of \$170m



PROPRIETARY DEVELOPMENT

- Own programs taken by MorphoSys to clinical proof-of-concept
- Lucrative potential upside

PARTNERED DISCOVERY

- Multiple therapeutic antibody products based on MorphoSys's technology
- Generate strong flow of milestones & royalties

AbD SEROTEC

- Growing roster of diagnostic partnerships developing novel tests
- Research antibody catalogue business

INNOVATIVE, PROPRIETARY ANTIBODY TECHNOLOGY

- Commitment to delivering superior antibodies
- Next generation MAbs to be more efficacious, able to hit new targets and lower cost

New Technology Enhances Power of Platform




October 2010:
MorphoSys acquires Sloning BioTechnology for access to Slonomics

Slonomics:

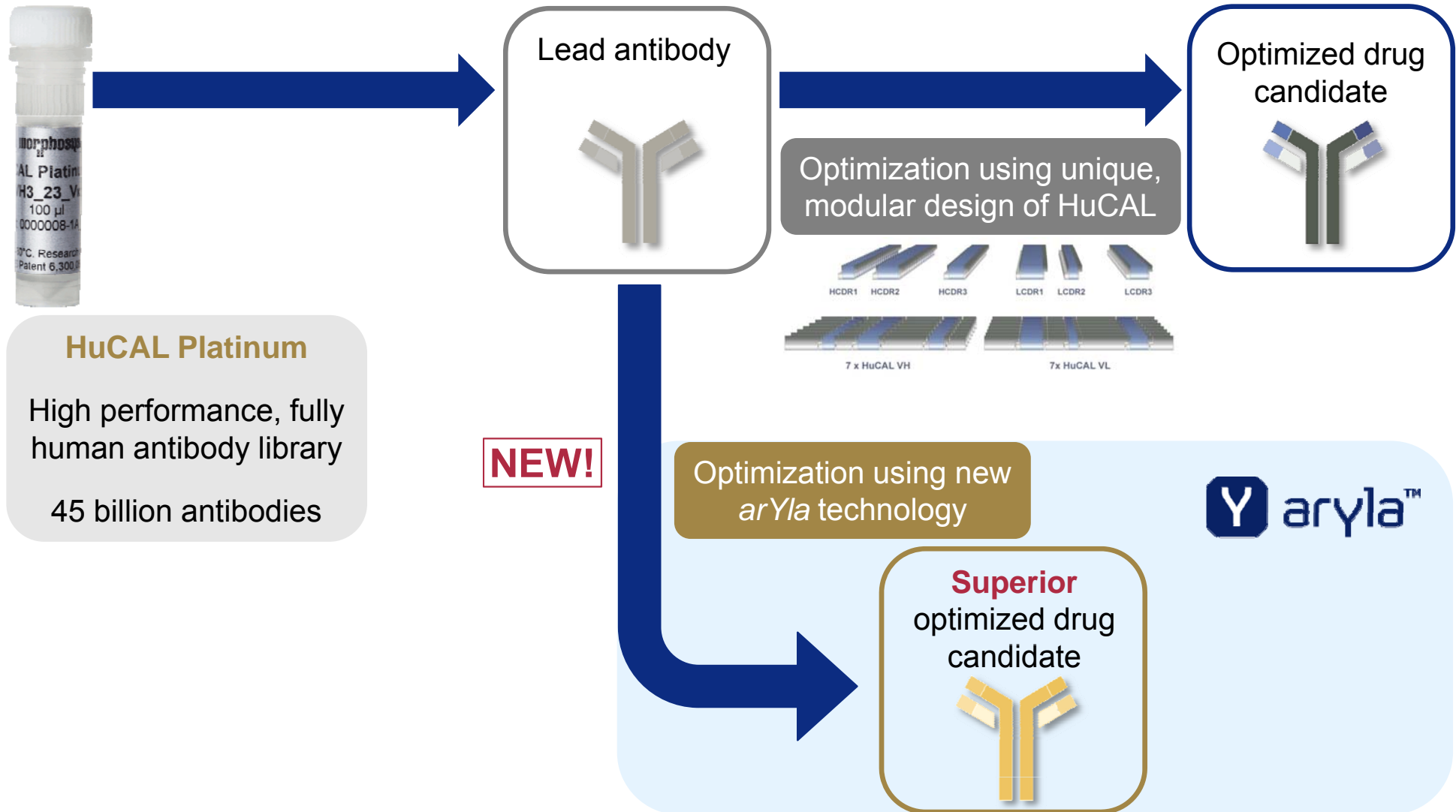
- Enzymatic gene synthesis
- Enables generation of protein libraries
 - With unprecedented speed
 - With complete control over composition
 - At low cost

 **Powerful technology for protein discovery & optimization**


*December 2010:
Slonomics agreement with Pfizer provides immediate payback of Sloning acquisition and foreshadows commercial potential*



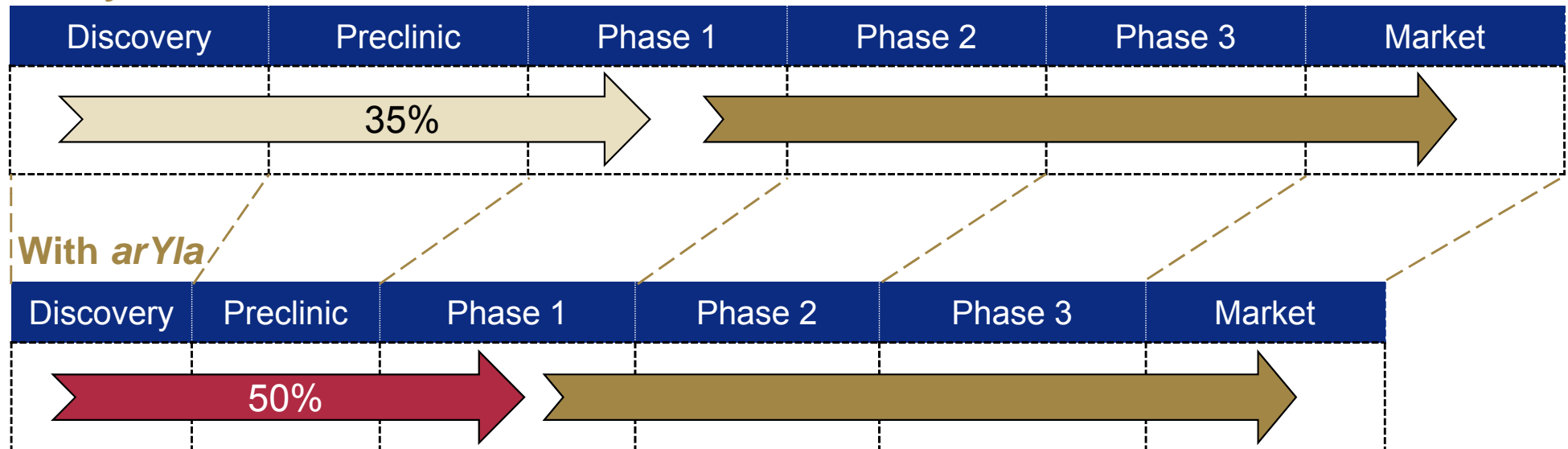
A Unique Platform for Generating Optimized, Fully Human Antibodies



Y aryla™ – Higher Probabilities of Success & Faster Development



Today



Expectations:

- Shorten time to antibody drug candidate by 30%
- Increase proportion of programs reaching clinic to 50%

➡ Source: MorphoSys experience
➡ Source: MorphoSys projections

Broadest Antibody Pipeline in the Industry: 77 Programs Ongoing



Name	Partner/MOR	Target	Indication	Discovery	Preclinic	Phase 1	Phase 2	Phase 3	Market
MOR103	MOR	GM-CSF	RA	→					
			MS	→					
BHQ880	Novartis	DKK-1	Cancer	→					
CNTO888	Centocor	MCP-1	Cancer	→					
			IPF	→					
n.d.	Novartis	n.d.	n.d.	→					
Gantenerumab	Roche	Amyloid-β	AD	→					
MOR208	MOR	CD19	CLL	→					
CNTO1959	Centocor	n.d.	Psoriasis	→					
BAY79-4620	Bayer Schering	CA IX (MN)	Cancer	→					
CNTO3157	Centocor	n.d.	Asthma	→					
n.d.	Novartis	n.d.	Musculoskeletal	→					
n.d.	Novartis	n.d.	Ophthalmology	→					
n.d.	Centocor	n.d.	Inflammation/ Autoimmune	→					
3 Programs	3 Partners	n.d.	Inflammation/ Cancer	→					
MOR202	MOR	CD38	Multiple Myeloma	→					
20 Programs	Partnered	Various	Various*	→					
32 Programs	Partnered	Various	Various*	→					
5 Programs	MOR	n.d.	Inflammation/ Cancer	→					
2 Programs	MOR/NOV	n.d.	Inflammation	→					

* Includes cancer, inflammatory, autoimmune, infectious, musculoskeletal & central nervous system diseases
n.d. – not disclosed

The Target

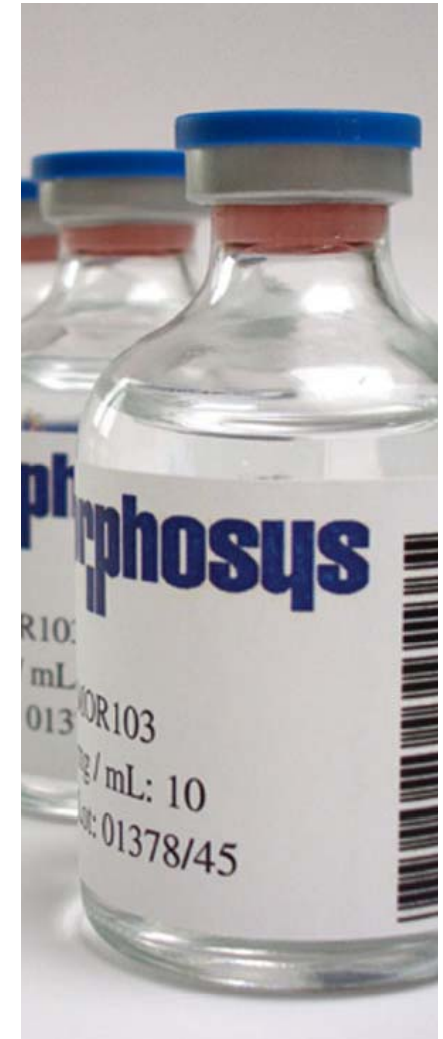
- GM-CSF, which plays a central role in activating granulocytes and macrophages
- Extensive evidence implicating GM-CSF in the inflammatory cascade

The Drug

- A HuCAL IgG1 antibody that neutralizes human GM-CSF
- High potency due to very high target affinity ($KD = 0.4 \text{ pM}$)
- Subcutaneous PK study in healthy volunteers planned for 2011

Intellectual Property

- Exclusive license to a US patent covering antibodies against GM-CSF for the treatment of chronic inflammatory conditions
- Patent filings on antibody



MOR103

Clinical Development

In Rheumatoid Arthritis

- European phase 1b/2a trial ongoing to assess safety, signs of efficacy and immunogenicity of MOR103 in patients with active RA
- 135 patients with active RA, randomized, double-blind, placebo controlled
- Four ascending doses i.v. 0.3, 1.0 and 1.5 mg/kg or placebo with stable regimen of concomitant RA therapy
- Objectives:
 - Primary objectives: Adverse event rate and safety profile
 - Secondary objectives: DAS28, ACR & EULAR28, cytokines, MRI (synovitis & bone edema), PK, immunogenicity & patient-reported outcomes up to 16 wks
- Final phase 1b/2a RA data expected in H1 2012

In Multiple Sclerosis

- Phase 1b safety study in MS patients being prepared



MOR208

A Novel Anti-Cancer Antibody

The Target

- CD19, a pan B-cell marker

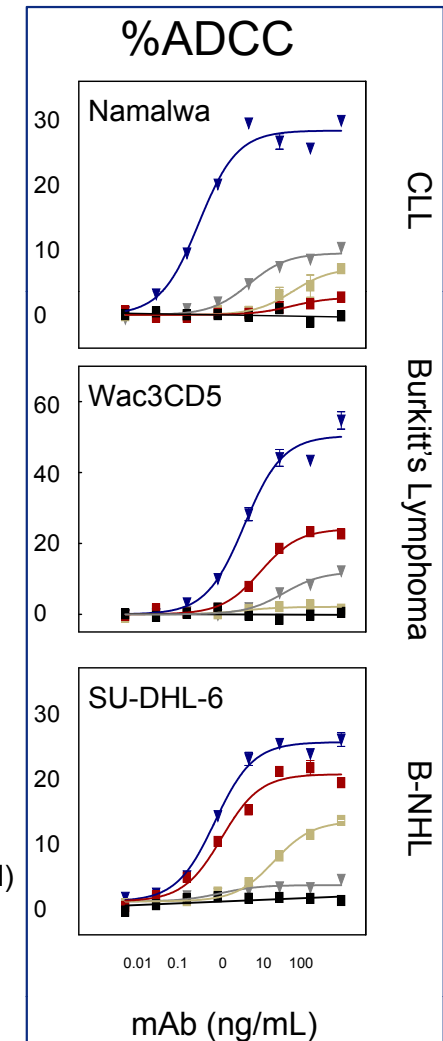
The Drug

- Humanized, affinity optimized anti-CD19 antibody, comprising a proprietary modification that enhances effector cell recruitment
- Exclusive license from Xencor

Selected Pre-clinical Observations

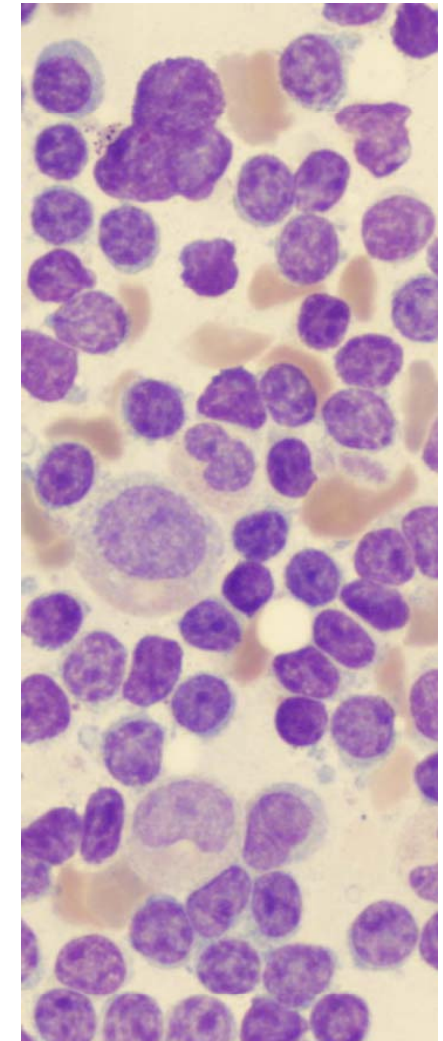
- Enhanced affinity for Fc receptor leads to rapid and sustained B-cell depletion
- Higher ADCC than both Rituxan & Campath against all lymphoma & leukemia cell lines tested (see selected data in figure)

- ▼ MOR208/XmAb5574
- ▼ Anti-CD19 IgG1 (unmodified)
- XmAb (-) control
- rituximab (CD20)
- alemtuzumab (CD52)



Clinical Trial Design

- Multi-centre, open-label, multi-dose, single-arm phase 1, dose-escalation study in USA
- Patients with chronic lymphocytic leukemia, who have not responded to or have become refractory to previous therapies
- Objectives:
 - Primary objectives: Investigate maximum tolerated dose, safety and tolerability, pharmacokinetics and immunogenicity
 - Secondary objectives: Assess preliminary anti-tumor activity
- Xencor funds phase 1 trial from \$13 m up-front payment
- Final data expected in 2012



The Target

- CD38, a key target present on the vast majority of multiple myeloma cells

The Drug

- A high affinity, fully human HuCAL antibody

Clinical Trial Design and Development Timeline

- Multicentre, open-label, dose-escalation study (EU)
- Patients with relapsed/refractory multiple myeloma; failure of at least 2 prior therapies
- Objectives: Investigate maximum tolerated dose, safety and tolerability, pharmacokinetics and immunogenicity; assessment of preliminary activity
- Final data expected in 2012



Partnered Programs

Phase 2 Clinical Development



Partner & Program	Disease	Status
Novartis BHQ880	Osteolytic bone disease	<ul style="list-style-type: none"> ■ HuCAL antibody targeting DKK-1 ■ Clinical trials in multiple myeloma patients ■ Early data show stimulation of bone formation
Novartis n.d.	n.d.	<ul style="list-style-type: none"> ■ June 2009: Start of phase 1/2 ■ Clinical proof of concept achieved
Centocor Ortho Biotech CNTO888	Oncology & immunology	<ul style="list-style-type: none"> ■ HuCAL antibody targeting MCP-1 ■ MCP-1 regulates prostate cancer growth and metastasis ■ 2 oncology trials and 1 IPF trial ongoing
Roche Gantenerumab	Alzheimer's disease	<ul style="list-style-type: none"> ■ HuCAL antibody targeting amyloid-β ■ Amyloid-β implicated as causal factor in AD ■ Phase 2 study in patients with prodromal AD initiated in Q4 2010

Partnered Programs

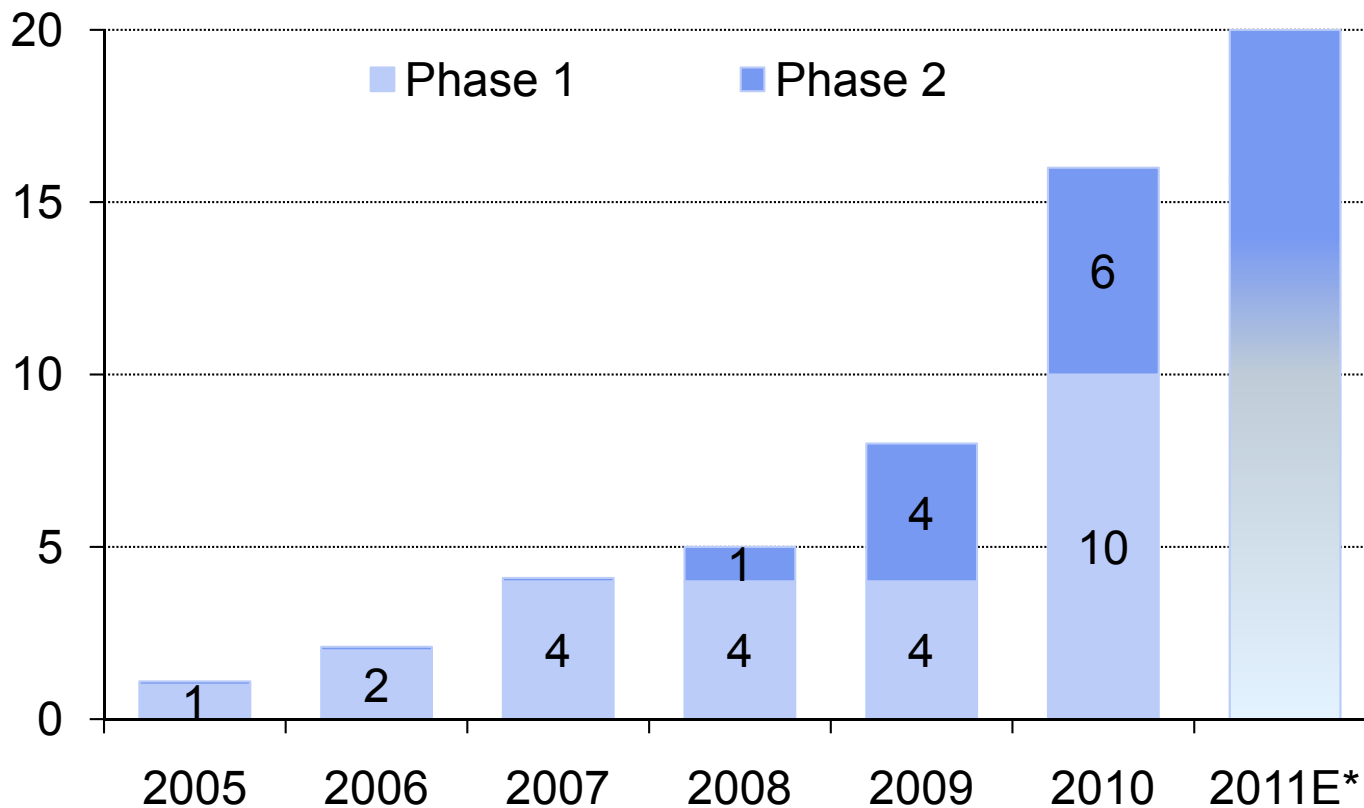
Phase 1 Clinical Development



Partner & Program	Disease	Status
Centocor Ortho Biotech CNTO1959	Psoriasis	<ul style="list-style-type: none"> June 2009: Start of phase 1 Study completed in Q4 2010
Bayer Healthcare BAY79-4620	Oncology	<ul style="list-style-type: none"> October 2009: Start of phase 1 trial Antibody-drug conjugate targeting CA IX
Centocor Ortho Biotech CNTO3157	Asthma	<ul style="list-style-type: none"> June 2010: Start of phase 1
Novartis n.d.	Musculoskeletal diseases	<ul style="list-style-type: none"> July 2010: Start of phase 1
Novartis n.d.	Ophthalmology	<ul style="list-style-type: none"> August 2010: Start of phase 1
Various	Various	<ul style="list-style-type: none"> Four additional INDs/CTAs Announced in December 2010

A Rapidly Growing Clinical Pipeline

Number of Partnered & Proprietary Programs in Clinical Trials at Year-end

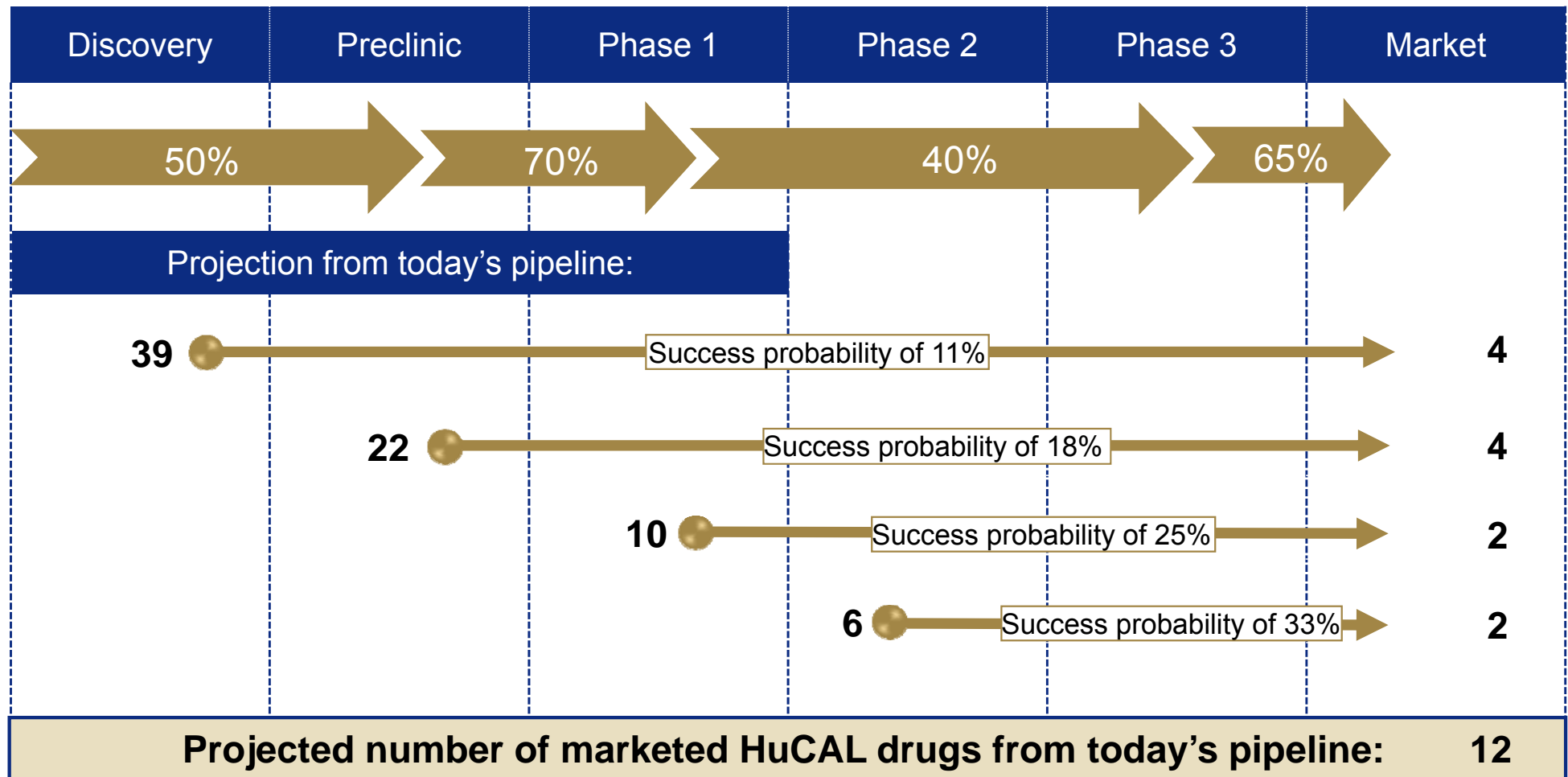


* assuming no attrition

Clinical Antibody Pipeline is a Key Value Driver

Current Pipeline

Projected HuCAL Drugs on the Market



Source: MorphoSys internal statistics & Tufts Centre for the Study of Drug Development

AbD Serotec Complements Therapeutic Segment of the Business



- Antibodies for research and diagnostic markets
- Cash-generative since 2007

Market

Diagnostic Antibodies

- Using proprietary technologies to deliver superior antibodies for diagnostic uses
- Future upside via royalties
- Potential synergies with therapeutic side of business

\$ 7bn

Research Antibodies

- Catalogue comprising 15,000+ products
- Custom antibody generation using HuCAL
- Stable and recurring cash flows

\$2bn



Technology Offers Exciting Growth Opportunities in Diagnostics



AbD Serotec is working with over 20 diagnostics companies

Application	Technology Feature
Poorly served targets	<ul style="list-style-type: none">▪ HuCAL provides antibodies where traditional approaches fail
New biomarkers	<ul style="list-style-type: none">▪ HuCAL offers best possible selectivity & sensitivity
Clinical monitoring	<ul style="list-style-type: none">▪ HuCAL is very well-suited to making anti-idiotypic antibodies
Thermal stability	<ul style="list-style-type: none">▪ <i>In vitro</i> method HuCAL offers key advantages compared to <i>in vivo</i> antibody generation
Diagnostic standards	<ul style="list-style-type: none">▪ HuCAL offers precise and indefinite reproducibility

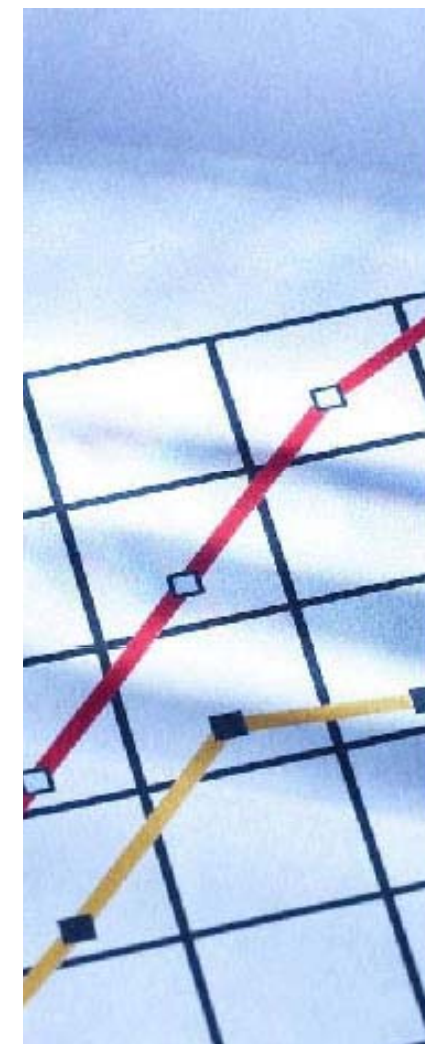
In million EUR	Guidance 2010E		2009A
	Updated in December	Issued in February	
Total Group Revenues	91 – 94	89 – 93	81.0
Group Operating Profit	13 – 16	5 – 9	11.4
AbD Serotec			
Revenue	~21	21 – 22	19.4
Operating Profit Margin	5 – 8%	5 – 8%	5%

2010

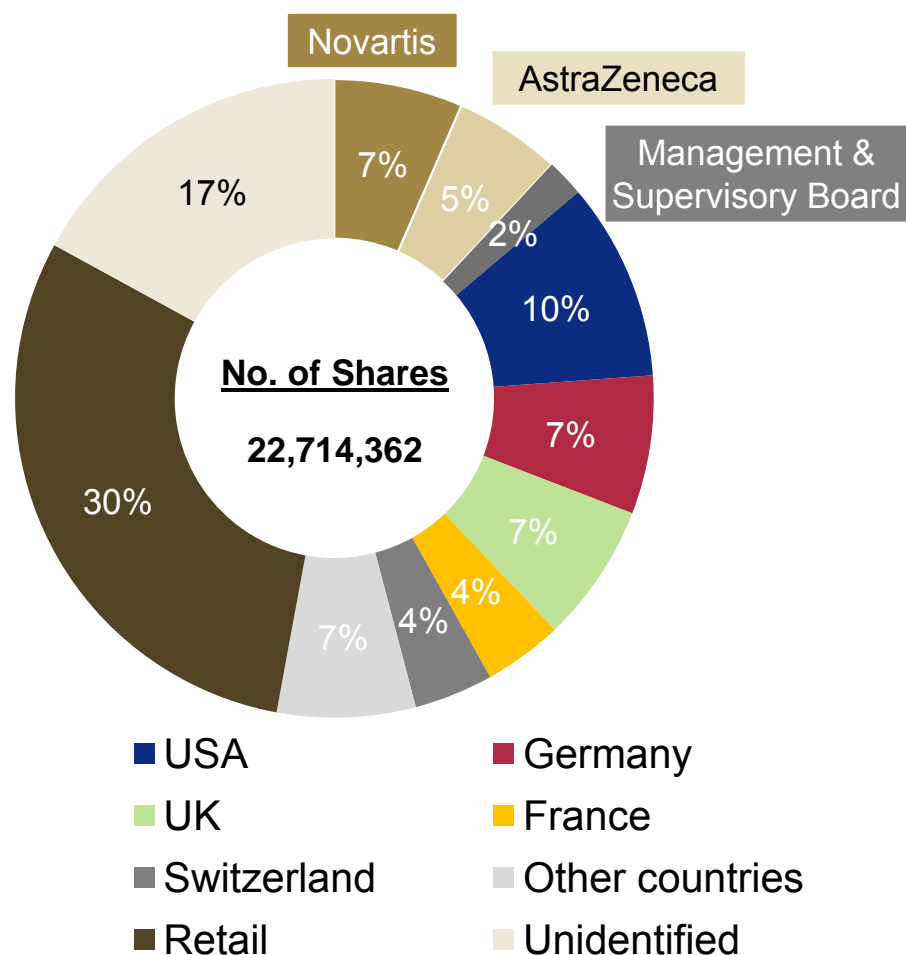
- Increase of total proprietary R&D investment to € 27 – 29 million (2009: € 19.3 million)

2011 – 2012

- Aiming for 10% – 20% annual revenue growth
- Maintain profitability while strengthening pipeline



Shareholder Structure (Dec. 2009)



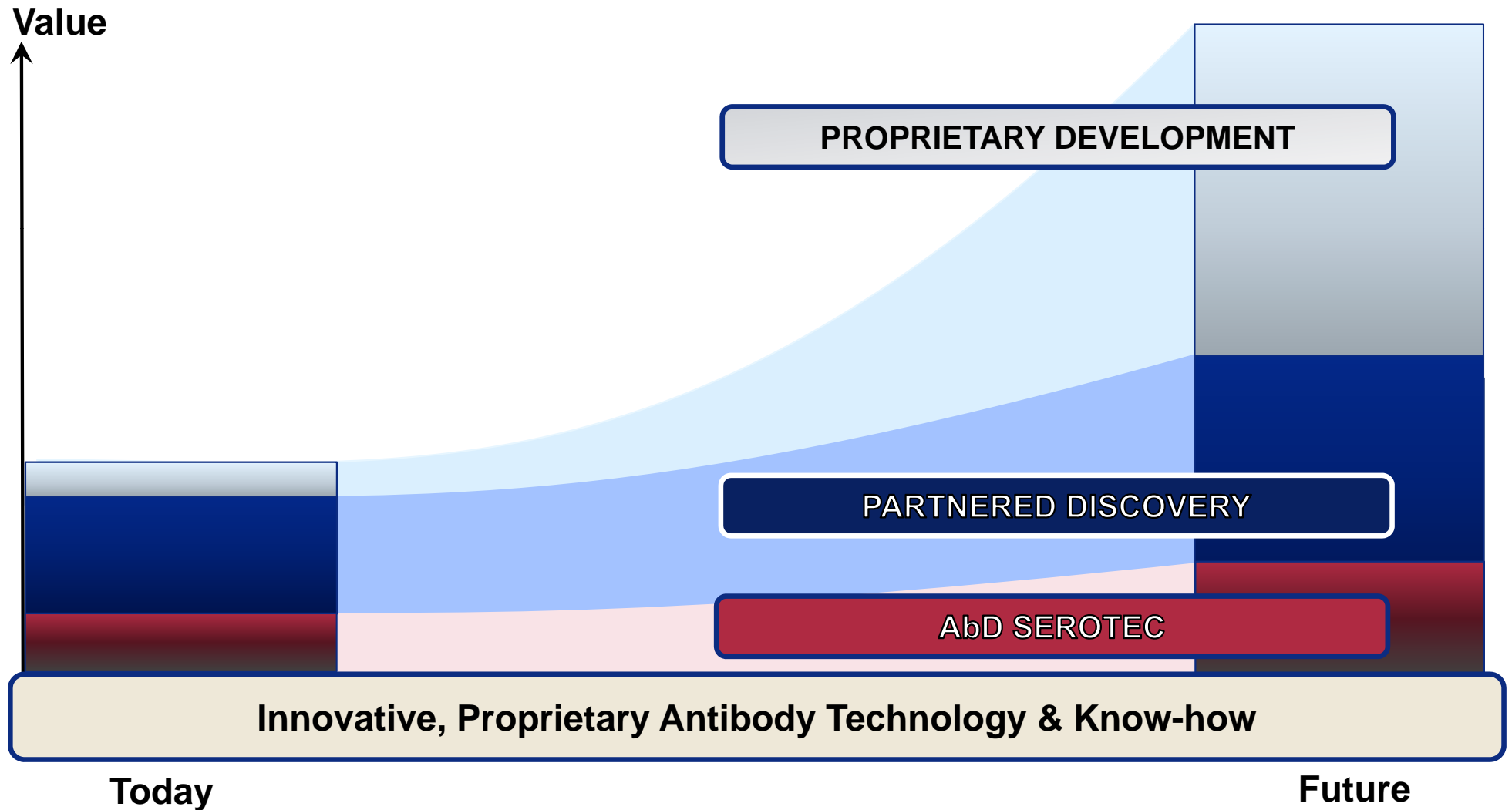
MorphoSys (MOR GR) Key Financials

In million EUR	9M 2010	9M 2009
Revenues	62.8	57.6
Cost of Goods Sold	5.5	5.1
R&D Expenses	32.5	27.5
S,G&A Expenses	16.8	15.7
Total Operating Expenses	54.8	48.3
Operating Profit	8.0	9.3
Net Profit	7.2	7.7
EPS (diluted) in EUR	0.32	0.34

Cash, Cash Equivalents and Available-for-sale
Financial Assets as of September 30, 2010:

€ 132.1 million

A Strategy for Substantial Value Creation



MOR103

- Complete enrollment in phase 1b/2a RA study
- Commence phase 1b MS study

MOR202

- Commence phase 1 study in multiple myeloma
- Release pre-clinical data

MOR208

- Progress report on open-label phase 1 study in CLL

PROPRIETARY DEVELOPMENT

Partnerships

- New INDs
- Clinical data expected at major conferences (ASCO, ACR, ASH...)
- New deals

PARTNERED DISCOVERY

Diagnostics

- Additional HuCAL-based diagnostic kits on market

AbD SEROTEC

Thank You.



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