

Convenience Translation:

The text decisive for the invitation to the Annual General Meeting of MorphoSys AG is the one written in the German language.

Invitation to the 2017 Annual General Meeting of MorphoSys AG

We would like to invite our Company's shareholders to the Annual General Meeting on Wednesday, May 17, 2017, at 10:00 a.m. at the Conference Center Munich located at Hanns-Seidel-Stiftung, Lazarettstraße 33, 80636 Munich.

I.

Agenda

- 1. Presentation of the adopted financial statements and the approved consolidated financial statements as of December 31, 2016; the management reports, including the report of the Supervisory Board for the 2016 financial year; and the Management Board's explanatory report regarding the disclosures pursuant to sections 289 para. 4 and 315 para. 4 of the German Commercial Code (Handelsgesetzbuch [HGB])**

The documents above are available at the offices of MorphoSys AG at Semmelweisstraße 7, 82152 Planegg and may also be downloaded from our website at www.morphosys.com/agm. These documents can also be sent to shareholders upon request. The Supervisory Board has approved the financial statements and consolidated financial statements as prepared by the Management Board; the financial statements are thereby adopted. For this reason, this agenda item does not require a shareholders' resolution.

- 2. Resolution on the discharge of Management Board members for the 2016 financial year**

The Management Board and the Supervisory Board propose to discharge the Management Board members for the 2016 financial year.

3. Resolution on the discharge of Supervisory Board members for the 2016 financial year

The Management Board and the Supervisory Board propose to discharge the Supervisory Board members for the 2016 financial year.

4. Resolution on the appointment of the auditor for the 2017 financial year

In accordance with the recommendation of the Supervisory Board's Audit Committee, the Supervisory Board proposes the appointment of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, as the auditor of MorphoSys AG's financial statements and consolidated financial statements for the 2017 financial year and the audit review of the half-year financial report as of June 30, 2017 pursuant to section 37w para. 5 of the German Securities Trading Act (Wertpapierhandelsgesetz [WpHG]).

5. Resolution on the creation of a new Authorized Capital 2017-I with the option to exclude statutory subscription rights; amendment to the Articles of Association

The previously existing Authorized Capital 2014-I (section 5 para. 6 of the Articles of Association), which was created by the resolution of the Annual General Meeting on May 23, 2014 under Agenda Item 7, has been fully utilized. Section 5 para. 6 of the Articles of Association has been canceled as a result of the full utilization of Authorized Capital 2014-I. In order to continue giving the Company's management sufficient latitude, new Authorized Capital 2017-I shall be created that authorizes the management to increase the Company's share capital by up to 10 % and, under certain conditions, exclude shareholders subscription rights to the same extent. The option to exclude subscription rights for capital increases against contribution in cash and/or in kind shall be limited to a total of 20 % of the share capital taking into consideration other authorized and conditional capital. This 20 % limit mentioned above should take into account (i) treasury shares sold with the exclusion of subscription rights; (ii) shares to be issued with the exclusion of subscription rights from other authorized capital; and (iii) shares to be issued with the exclusion of subscription rights to service issued bonds with conversion or warrant rights (barring, however, the exclusion of subscription rights for employee participation programs under (i) and (iii)).

Therefore, the Management Board and the Supervisory Board propose the adoption of the following resolution:

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a) Creation of new Authorized Capital 2017-I

With the Supervisory Board's consent, the Management Board shall be authorized to increase the Company's share capital by issuing a maximum of 2,915,977 new no-par value bearer shares against contribution in cash up to an amount of € 2,915,977.00 on one or several occasions until and including the date of April 30, 2022 (Authorized Capital 2017-I).

Shareholders are principally entitled to subscription rights. The shares may also be subscribed to by one or several credit institutions with the obligation to offer the shares to shareholders for subscription. With the Supervisory Board's consent, the Management Board is, however, authorized to exclude the subscription rights of shareholders in the following cases:

- aa) to the extent such exclusion is necessary to avoid fractional shares; or
- bb) if the issue price of the new shares is not significantly below the market price of shares of the same class already listed and the total number of shares issued pursuant to or based on the analogous application of section 186 para. 3, sentence 4 of the German Stock Corporation Act (Aktiengesetz [AktG]) in return for cash contributions and for which the shareholders' subscription right is excluded while the authorization is in effect does not exceed 10 % of the share capital, specifically neither on the effective date of this authorization nor at the time this authorization is exercised.

The total number of shares to be issued via capital increases against contribution in cash, excluding subscription rights and based on the authorizations mentioned above, shall not exceed 20 % of the share capital when calculated based on the authorizations' effective date or exercise, whichever amount is lower. This 20 % limit mentioned above shall take into account (i) treasury shares sold with the exclusion of subscription rights after the effective date of these authorizations (unless they service the entitlements of members of the Management Board and/or employees under employee participation programs); (ii) shares to be issued with the exclusion of subscription rights during the effective period of these authorizations from other authorized capital existing on the effective date of these authorizations or to be resolved by the same Annual General Meeting resolving these authorizations; and (iii) shares to be issued during the effective period of these authorizations to service bonds with conversion or warrant rights, whose authorization basis exists on the effective date of these authorizations, to the extent the bonds with conversion or warrant rights were issued with the exclusion of shareholders' subscription rights (unless they service

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the entitlements of members of the Management Board and/or employees under employee participation programs).

With the Supervisory Board's consent, the Management Board shall be authorized to determine the further details of the capital increase and its execution.

b) Amendment to the Articles of Association

Section 5 para. 6 of the Articles of Association shall be amended as follows:

"(6) With the Supervisory Board's consent, the Management Board is authorized to increase the Company's share capital by issuing a maximum of 2,915,977 new no-par value bearer shares against contribution in cash up to an amount of € 2,915,977.00 on one or several occasions until and including the date of April 30, 2022 (Authorized Capital 2017-I).

Shareholders are principally entitled to subscription rights. The shares may also be subscribed to by one or several credit institutions with the obligation to offer the shares to shareholders for subscription. With the Supervisory Board's consent, the Management Board is, however, authorized to exclude the subscription rights of shareholders in the following cases:

- aa) to the extent such exclusion is necessary to avoid fractional shares; or*
- bb) if the issue price of the new shares is not significantly below the market price of shares of the same class already listed and the total number of shares issued pursuant to or based on the analogous application of section 186 para. 3, sentence 4 AktG in return for cash contributions and for which the shareholders' subscription right is excluded while the authorization is in effect does not exceed 10 % of the share capital, specifically neither on the effective date of this authorization nor at the time this authorization is exercised.*

The total number of shares to be issued via capital increases against contribution in cash, excluding subscription rights and based on the authorizations mentioned above shall not exceed 20 % of the share capital when calculated based on the authorizations' effective date or exercise, whichever amount is lower. This 20 % limit mentioned above shall take into account (i) treasury shares sold with the exclusion of subscription rights after the effective date of these authorizations (unless they service the entitlements of

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members of the Management Board and/or employees under employee participation programs); (ii) shares to be issued with the exclusion of subscription rights during the effective period of these authorizations from other authorized capital existing on the effective date of these authorizations or to be resolved by the same Annual General Meeting resolving these authorizations; and (iii) shares to be issued during the effective period of these authorizations to service bonds with conversion or warrant rights, whose authorization basis exists on the effective date of these authorizations, to the extent the bonds with conversion or warrant rights were issued with the exclusion of shareholders' subscription rights (unless they service the entitlements of members of the Management Board and/or employees under employee participation programs).

With the Supervisory Board's consent, the Management Board shall be authorized to determine the further details of the capital increase and its execution."

6. Resolution on the cancelation of Authorized Capital 2015-I and the creation of new Authorized Capital 2017-II with the option to exclude statutory subscription rights; amendment to the Articles of Association

The currently existing Authorized Capital 2015-I pursuant to section 5 para. 5 of the Articles of Association created by the resolution of the Annual General Meeting on May 8, 2015 under Agenda Item 6 and not yet utilized, shall be newly resolved in the context of realigning the authorized capital. It is for this reason that the Company's entire existing Authorized Capital 2015-I shall be canceled and new Authorized Capital 2017-II in the amount of € 11,663,908.00, i.e. 40.00 % of the currently existing share capital, shall be created. The cancelation of Authorized Capital 2015-I shall only be effective when its replacement by Authorized Capital 2017-II takes effect. The option to exclude subscription rights for capital increases against contribution in cash and/or in kind shall be limited to a total of 20 % of the share capital taking into consideration other authorized and conditional capital. This 20 % limit mentioned above should take into account (i) treasury shares sold with the exclusion of subscription rights; (ii) shares to be issued with the exclusion of subscription rights from other authorized capital; and (iii) shares to be issued with the exclusion of subscription rights to service issued bonds with conversion or warrant rights (barring, however, the exclusion of subscription rights for employee participation programs under (i) and (iii)).

Therefore, the Management Board and the Supervisory Board propose the adoption of the following resolution:

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- a) Cancellation of Authorized Capital 2015-I; amendment to the Articles of Association

Authorized Capital 2015-I pursuant to section 5 para. 5 of the Articles of Association shall be canceled to the extent that this authorization was not utilized at the time of the entry of Authorized Capital 2017-II resolved pursuant to subsection b) and subsection c) in the commercial register, with effect as of the date of registration in the commercial register of Authorized Capital 2017-II resolved pursuant to subsection b) and subsection c).

- b) Creation of new Authorized Capital 2017-II

With the Supervisory Board's consent, the Management Board shall be authorized to increase the Company's share capital by issuing a maximum of 11,663,908 new no-par value bearer shares against contributions in cash and/or in kind up to an amount of € 11,663,908.00 on one or several occasions until and including the date of April 30, 2022 (Authorized Capital 2017-II).

When executing capital increases, shareholders are principally entitled to subscription rights. The shares may also be subscribed to by one or several credit institutions with the obligation to offer the shares to shareholders for subscription. With the Supervisory Board's consent, the Management Board is, however, authorized to exclude the subscription rights of shareholders in the following cases:

- aa) in the case of a capital increase against contribution in cash to the extent such exclusion is necessary to avoid fractional shares; or
- bb) in the case of a capital increase against contribution in kind; or
- cc) in the case of a capital increase against contribution in cash to the extent the new shares shall be placed on a foreign stock exchange in the context of a new listing.

The total number of shares to be issued via capital increases against contribution in cash and/or in kind, excluding subscription rights and based on the authorizations mentioned above, shall not exceed 20 % of the share capital when calculated based on the authorizations' effective date or exercise, whichever amount is lower. This 20 % limit mentioned above shall take into account (i) treasury shares sold with the exclusion of subscription rights after the effective date of these authorizations (unless they service the entitlements of members of the Management Board and/or employees under employee

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participation programs); (ii) shares to be issued with the exclusion of subscription rights during the effective period of these authorizations from other authorized capital existing on the effective date of these authorizations or to be resolved by the same Annual General Meeting resolving these authorizations; and (iii) shares to be issued during the effective period of these authorizations to service bonds with conversion or warrant rights, whose authorization basis exists on the effective date of these authorizations, to the extent the bonds with conversion or warrant rights were issued with the exclusion of shareholders' subscription rights (unless they service the entitlements of members of the Management Board and/or employees under employee participation programs).

With the Supervisory Board's consent, the Management Board shall be authorized to determine the further details of the capital increase and its execution.

c) Amendment to the Articles of Association

Section 5 para. 5 of the Articles of Association shall be amended as follows:

"(5) With the Supervisory Board's consent, the Management Board is authorized to increase the Company's share capital by issuing a maximum of 11,663,908 new no-par value bearer shares against contribution in cash and/or in kind up to an amount of € 11,663,908.00 on one or several occasions until and including the date of April 30, 2022 (Authorized Capital 2017-II).

When executing capital increases, shareholders are principally entitled to subscription rights. The shares may also be subscribed to by one or several credit institutions with the obligation to offer the shares to shareholders for subscription. With the Supervisory Board's consent, the Management Board is, however, authorized to exclude the subscription rights of shareholders in the following cases:

- aa) in the case of a capital increase against contribution in cash to the extent such exclusion is necessary to avoid fractional shares; or*
- bb) in the case of a capital increase against contribution in kind; or*
- cc) in the case of a capital increase against contribution in cash to the extent the new shares shall be placed on a foreign stock exchange in the context of a new listing.*

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The total number of shares to be issued via capital increases against contribution in cash and/or in kind, excluding subscription rights and based on the authorizations mentioned above, shall not exceed 20 % of the share capital when calculated based on the authorizations' effective date or exercise, whichever amount is lower. This 20 % limit mentioned above shall take into account (i) treasury shares sold with the exclusion of subscription rights after the effective date of these authorizations (unless they service the entitlements of members of the Management Board and/or employees under employee participation programs); (ii) shares that are issued excluding subscription rights during the effective period of these authorizations from other authorized capital existing on the effective date of these authorizations or to be resolved by the same Annual General Meeting resolving these authorizations; and (iii) shares to be issued during the effective period of these authorizations to service bonds with conversion or warrant rights, whose authorization basis exists on the effective date of these authorizations, to the extent the bonds with conversion or warrant rights were issued with the exclusion of shareholders' subscription rights (unless they service the entitlements of members of the Management Board and/or employees under employee participation programs).

With the Supervisory Board's consent, the Management Board shall be authorized to determine the further details of the capital increase and its execution."

7. Resolution on the election of Supervisory Board members

The Supervisory Board consists of six members pursuant to sections 95 and 96 para. 1 AktG and section 8 para. 1 of the Company's Articles of Association. Since the Company is not subject to co-determination, its Supervisory Board is comprised solely of shareholder representatives. Pursuant to section 102 para. 1 AktG and section 8 para. 2 of the Company's Articles of Association, Supervisory Board members are elected for a period ending no later than the end of the Annual General Meeting in which the discharge of the Supervisory Board for the fourth financial year after commencing the term of office is resolved. The financial year in which the term of office begins shall not be counted.

The terms of office of Supervisory Board members Dr. Frank Morich, Mr. Klaus Kühn and Ms. Wendy Johnson expire with the conclusion of the Annual General Meeting on May 17, 2017. The terms of office of Supervisory Board members Dr. Gerald Möller and Dr. Marc Cluzel expire with the conclusion of the Annual General Meeting in which there will be a resolution on the discharge of the Supervisory Board for the second financial year after commencing their office (i.e.,

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presumably at the 2018 Annual General Meeting) and, therefore, these members do not need to be reappointed. Additionally, Ms. Karin Eastham, whose term of office also expires with the conclusion of the Annual General Meeting in which there will be a resolution on the discharge of the Supervisory Board for the second financial year after commencing her office (i.e., presumably at the 2018 Annual General Meeting), has resigned from her Supervisory Board mandate to take effect at the conclusion of the Annual General Meeting on May 17, 2017. Therefore, four new Supervisory Board members must be newly elected. The Annual General Meeting is not bound by election proposals.

In accordance with the proposal of the Remuneration and Nomination Committee, the Supervisory Board proposes to elect the following persons to the Supervisory Board named in subsections a) to d) to take effect with the conclusion of the Annual General Meeting on May 17, 2017. The appointments of the persons named in subsections a) to c) extend until the end of the Annual General Meeting in which the discharge of the Supervisory Board for the second financial year after commencing the term of office is resolved (presumably at the 2020 Annual General Meeting). The appointment of the person named in subsection d) extends until the end of the Annual General Meeting in which the discharge of the Supervisory Board for the subsequent financial year after commencing the term of office is resolved (presumably at the 2019 Annual General Meeting). In each case, the financial year in which the term of office begins shall not be counted.

- a) Dr. Frank Morich,
residing in Berlin, Germany;
current profession: Self-employed business consultant in the life sciences and healthcare industries

- b) Mr. Klaus Kühn,
residing in Grevenbroich, Germany;
current profession: A member and chairman of various supervisory boards as described in detail under "Mandates," subsection b)

- c) Ms. Wendy Johnson,
residing in San Diego, California, USA;
current profession: Managing Director, Gemini Advisors, USA, and Interim Chief Operating Officer, AmpliPhi Biosciences Corp., USA

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- d) Ms. Krisja Vermeyleen,
residing in Hellerup, Denmark;
current profession: Senior Vice President, Corporate People & Organization, Novo Nordisk A/S, Denmark

Mandates:

The candidates proposed for election are (i) a member of a statutory supervisory board of the companies listed below, or (ii) a member of a comparable domestic or foreign supervisory body of commercial enterprises listed below.

- a) Dr. Frank Morich
No other mandates

- b) Mr. Klaus Kühn
 - (i) Flossbach von Storch AG, Germany, chairman of the Supervisory Board
Hella KGaA Hueck & Co., Germany, (a publicly listed company), Member of the Supervisory Board

- c) Ms. Wendy Johnson
 - (ii) AmpliPhi Biosciences Corp., USA, (a publicly listed company), Member of the Board of Directors

- d) Ms. Krisja Vermeyleen
No other mandates

Detailed resumes of the proposed candidates can be found at www.morphosys.com/agm.

Pursuant to Item 5.4.1 of the German Corporate Governance Code, the Supervisory Board is satisfied that the proposed candidates can devote the expected amount of time required.

According to the assessment of the Supervisory Board, none of the proposed candidates have a personal or business relationship with MorphoSys AG, its group companies or executive bodies that would need to be disclosed according to Item 5.4.1 of the German Corporate Governance Code. The disclosure of a personal or business relationship with a shareholder possessing a material interest in MorphoSys AG in accordance with Item 5.4.1 of the German Corporate Governance Code is not required since MorphoSys AG has no such shareholder.

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The election proposals take into account the objectives set by the Supervisory Board for its composition pursuant to Item 5.4.1 of the German Corporate Governance Code.

It is intended that the election of the persons proposed to the Supervisory Board will be decided by way of an individual vote at the Annual General Meeting.

Dr. Gerald Möller will continue to serve in his position as chair of the Supervisory Board.

Mr. Klaus Kühn, who stands for re-election, meets the legal requirements of section 100 para. 5 clause 1 AktG as a member of the Supervisory Board with expertise in the fields of accounting and auditing and, as an independent financial expert, meets the requirements of Item 5.3.2 of the German Corporate Governance Code in his role as chairman of the Supervisory Board's Audit Committee. All proposed candidates, as well as the Supervisory Board members not standing for reelection, possess in-depth knowledge of the sector in which the Company operates.

II.

Written report of the Management Board on Agenda Item 5 pursuant to section 203 para. 2 sentence 2 in conjunction with section 186 para. 4 sentence 2 AktG

In accordance with section 203 para. 2 sentence 2 AktG in conjunction with section 186 para. 4 sentence 2 AktG, the Management Board is issuing the following written report to the Annual General Meeting of the Company to convene on May 17, 2017 with respect to the resolution proposal under Agenda Item 5 regarding the creation of new Authorized Capital 2017-I with the authorization to exclude subscription rights.

This report also serves to inform the Annual General Meeting about new shares that have been issued with the exclusion of subscription rights through exercising the formerly existing and by now utilized Authorized Capital 2014-I, which was created by a resolution of the Annual General Meeting on May 23, 2014.

1. Report on the utilization of previous Authorized Capital 2014-I

The Management Board's authorization under Agenda Item 7 granted by the Annual General Meeting on May 23, 2014, to issue with the Supervisory Board's consent up to 2,622,088 new shares on one or several occasions with the option to exclude subscription rights (Authorized Capital 2014-I) was fully utilized by the Company by the date the notification of this year's Annual

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General Meeting was published in the Federal Gazette. A total of 2,622,088 new shares were issued as follows:

On November 15, 2016, with the Supervisory Board's consent, the Management Board resolved a capital increase from Authorized Capital 2014-I of up to 2,622,088 new shares in the form of a private placement with institutional investors in Europe and North America. The number of shares issued represented roughly 9.9 % of the Company's registered share capital at that time of € 26,537,682.00. The issue price of the new shares was set at € 44.00 per share. The capital increase was fully subscribed to and entered into the commercial register on November 17, 2016. The gross proceeds from the capital increase yielded approximately € 115 million.

2. Previous Authorized Capital 2014-I and grounds for new Authorized Capital 2017-I

The Management Board and the Supervisory Board propose authorizing the Company's management to issue new shares based on new Authorized Capital 2017-I because the authorization to issue new shares from previously existing Authorized Capital 2014-I has been fully utilized to date. To provide the Company with the necessary flexibility, new Authorized Capital 2017-I shall be created that authorizes the Company's management to increase the Company's share capital by issuing a maximum of 2,915,977 new no-par value bearer shares against contribution in cash up to an amount of € 2,915,977.00 on one or several occasions until and including the date of April 30, 2022.

3. New Authorized Capital 2017-I, the related benefits for the Company

The proposed authorization to issue new shares from Authorized Capital 2017-I is intended to enable the Management Board, with the Supervisory Board's consent, to respond to financing requirements with flexibility in the context of implementing strategic decisions. Particularly in light of the current economic environment, having an immediate and flexible financing instrument is both necessary and in the interest of the Company and its shareholders. With the Supervisory Board's consent, the Management Board shall continue to be authorized to raise new equity at any time. Such an advance resolution is customary both domestically and internationally.

To satisfy these requirements, new Authorized Capital 2017-I shall be created, which with the Supervisory Board's consent and within the legal framework according to section 202 para. 3 AktG shall provide the Management Board the option of having the Company's shares at its disposal in a flexible manner.

4. Exclusion of subscription rights

This proposed resolution provides the authorization to exclude the existing subscription rights of shareholders when issuing shares from authorized capital in the specific cases listed in the resolution proposal:

- a) The exclusion of shareholders' subscription rights is required to avoid fractional shares pursuant to subsection a) aa) of Agenda Item 5. The authorization to exclude subscription rights for the purpose of utilizing fractional shares is necessary to procure a reasonable subscription ratio for a capital increase and shall only serve the purpose of allowing round sums when utilizing authorized capital. Fractional shares occur when it is impossible to distribute all of the new shares equally to shareholders due to the subscription ratio or the amount of the capital increase. In cases without such authorization, a capital increase would create technical difficulties when issuing the new shares. The costs for trading subscription rights for fractional shares far outweigh the benefits received by the shareholders. The new shares arising as a result of excluding subscription rights for fractional shares will be sold on the stock market (if possible) or otherwise disposed of in the best manner for the Company. The potential dilutive effect is low because of the restriction to fractional shares only.

- b) With the Supervisory Board's consent and pursuant to subsection a) bb) of Agenda Item 5, the Management Board shall also be authorized to exclude subscription rights in the amount of the full new Authorized Capital 2017-I according to section 186 para. 3 sentence 4 AktG if the issue price of the new shares is not significantly below the market price of shares of the same class already listed. The exclusion of subscription rights provided by law allows the management to take immediate advantage of favorable stock market conditions and achieve the best possible issue price and thereby the highest possible amount of equity proceeds by setting the issue price close to market prices. Based on past experience, a capital increase structured in this manner leads to higher net proceeds than a comparable capital increase with shareholders subscription rights due to the ability to act faster. Therefore, capital increases structured in this manner are in the Company's and shareholders best interest. Excluding shareholders subscription rights leads to a dilution of existing shareholders' relative interest in the Company's share capital and voting rights. Shareholders who wish to maintain their relative interest in the Company's share capital and voting rights have the option of purchasing the required number of shares on the stock market. The amount of new Authorized Capital 2017-I complies with the legal provisions of section 186 para.3 sentence 4 AktG, whereby excluding subscription rights is permissible if the capital increase against contribution in cash does not exceed 10 % of the share capital on the date this authorization

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takes effect or is exercised and the issue price is not significantly below the market price. When adhering to the 10 % threshold, any other capital measures are taken into account that provide the exclusion of subscription rights pursuant to or based on the analogous application of section 186 para. 3, sentence 4 AktG.

The total number of shares to be issued via capital increases against contribution in cash, excluding subscription rights and based on the authorizations mentioned above, shall not exceed 20 % of the share capital when calculated based on the authorizations' effective date or exercise, whichever amount is lower. This 20 % limit shall take into account shares that will be sold, issued or are to be issued excluding subscription rights under other authorizations explicitly named. This 20 % limit mentioned above shall take into account (i) treasury shares sold with exclusion of subscription rights after the effective date of these authorizations (unless they service the entitlements of members of the Management Board and/or employees under employee participation programs), (ii) shares that are issued excluding subscription rights during the effective period of these authorizations from other authorized capital existing on the effective date of these authorizations or to be resolved by the same Annual General Meeting resolving these authorizations; and (iii) shares to be issued during the effective period of these authorizations to service bonds with conversion or warrant rights, whose authorization basis exists on the effective date of these authorizations, to the extent the bonds with conversion or warrant rights were issued with the exclusion of shareholders' subscription rights (unless they service the entitlements of members of the Management Board and/or employees under employee participation programs).

This limitation restricts the total amount of shares to be issued from authorized or conditional capital excluding subscription rights and the sale of treasury shares excluding subscription rights. This gives shareholders further protection against a dilution of their shareholdings. Shares that will be issued with the exclusion of subscription rights to serve the entitlements of members of the Management Board and/or employees under employee participation programs are not included in this limitation because the dilution effect for shareholders is low and shareholders are not entitled to subscription rights in the context of employee participation programs.

The maximum exclusion of subscription rights under Authorized Capital 2017-I comprises 10 % of the share capital of the Company.

By taking into consideration all of the circumstances described above, the Management Board and the Supervisory Board regard the exclusion of subscription rights in the aforementioned cases, including the resulting dilution effect for shareholders, as reasonable and adequate for the grounds explained.

The Management Board will report to the Annual General Meeting on each use of Authorized Capital 2017-I.

III.

Written report of the Management Board on Agenda Item 6 pursuant to section 203 para. 2 sentence 2 in conjunction with section 186 para. 4 sentence 2 AktG

In accordance with section 203 para. 2 sentence 2 AktG in conjunction with section 186 para. 4 sentence 2 AktG, the Management Board issues the following written report to the Annual General Meeting of the Company to convene on May 17, 2017 with respect to the resolution proposal under Agenda Item 6 regarding the cancelation of Authorized Capital 2015-I and the creation of new Authorized Capital 2017-II with the authorization to exclude subscription rights.

1. Grounds for the cancelation of Authorized Capital 2015-I and the creation of new Authorized Capital 2017-II

The Management Board and the Supervisory Board propose canceling Authorized Capital 2015-I to the extent that this authorization was not utilized at the time of the registration of Authorized Capital 2017-II and authorizing the Company's management to issue new shares based on new Authorized Capital 2017-II.

The currently existing Authorized Capital 2015-I pursuant to section 5 para. 5 of the Articles of Association created by the resolution of the Annual General Meeting on May 8, 2015 under Agenda Item 6 and not yet utilized, shall be newly resolved in the context of reorganizing the authorized capital. It is for this reason that the Company's entire Authorized Capital 2015-I shall be canceled and new Authorized Capital 2017-II shall be created, which allows the Company's management to increase the Company's share capital by issuing a maximum of 11,663,908 new no-par value bearer shares against contributions in cash and/or in kind up to an amount of € 11,663,908.00, i.e. 40.00 % of the currently existing share capital, on one or several occasions until and including the date of April 30, 2022. This would bring the Company's entire authorized capital (Authorized Capital 2017-I to be resolved under Agenda Item 5 of this Annual General Meeting and this to be resolved Authorized Capital 2017-II) to a total of € 14,579,885.00, or 50 % of the share capital currently amounting to € 29,159,770.00. The cancelation of Authorized Capital 2015-I shall only be effective when its replacement by Authorized Capital 2017-II takes effect. This should not affect the resolution and creation of Authorized Capital 2017-I.

2. New Authorized Capital 2017-II and the related benefits for the Company

The proposed authorization to issue new shares from Authorized Capital 2017-II intends to enable the Management Board, with the Supervisory Board's consent, to respond to financing requirements with flexibility in the context of implementing strategic and/or operating decisions. Particularly in light of the current economic environment, having an immediate and flexible financing instrument is both necessary and in the interest of the Company and its shareholders (e.g. to facilitate the acquisition of interests in companies). With the Supervisory Board's consent, the proposed new Authorized Capital 2017-II should allow the Management Board for an extended period of time (Authorized Capital 2015-I will expire on April 30, 2020) to raise new equity for the Company on short notice. This equity may e.g. be used to acquire companies, interests in companies, patents, other commercial property rights and licenses or assets that constitute a business in their entirety in return for shares. Such an advance resolution is customary both domestically and internationally.

To satisfy these requirements, existing Authorized Capital 2015-I shall be replaced by new Authorized Capital 2017-II which with the Supervisory Board's consent and within the legal framework according to section 202 para. 3 AktG shall provide the Management Board the option of having the Company's shares at its disposal in a flexible manner for an extended period of time.

3. Exclusion of subscription rights

This proposed resolution provides the authorization to exclude the existing subscription rights of shareholders when issuing shares from authorized capital in the specific cases listed in the resolution proposal:

- a) In the case of a cash capital increase, the exclusion of shareholders' subscription rights pursuant to subsection b) aa) of Agenda Item 6 is necessary to avoid fractional shares, as is also the case under existing Authorized Capital 2015-I. The authorization to exclude subscription rights for the purpose of utilizing fractional shares is necessary to procure a reasonable subscription ratio for a capital increase and only serves the purpose of allowing round sums when utilizing authorized capital. Fractional shares occur when it is not possible to distribute all of the new shares equally to shareholders due to the subscription ratio or the amount of the capital increase. In cases without such authorization, a capital increase would create technical difficulties when issuing the new shares. The costs for trading subscription rights for fractional shares far outweigh the benefits received by the shareholders. The new

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shares arising resulting from the exclusion of subscription rights for fractional shares will be sold on the stock market (if possible) or otherwise disposed of in the best manner for the Company. The potential dilutive effect is low because of the restriction to fractional shares only.

- b) In the case of a capital increase in kind, the exclusion of subscription rights pursuant to subsection b) bb) of Agenda Item 6 is necessary to achieve the objectives of this capital measure, as is also the case under existing Authorized Capital 2015-I. The Company should, for example, be in a position to continue to grow by acquiring companies, investments in companies or assets (above all commercial property rights) and to strengthen its competitive position.

Two key components of the Company's commercial property rights are the HuCAL® and Ylanthia® antibody libraries. Their development and use by the Company are subject to certain rights of use concerning the rights of third parties (licenses). In the past, the purchase of license rights that were particularly important to the Company's purpose was successfully financed by a capital increase in kind with the exclusion of subscription rights, which increased the value of the Company's technology portfolio. In the past, this contributed to an increase in the Company's share price, which also benefited the shareholders and compensated them for the exclusion of their subscription rights. Also for the Company's proprietary development programs it may be necessary to purchase licenses. The proposed cancelation of Authorized Capital 2015-I and the creation of Authorized Capital 2017-II, which provides a comparatively longer authorization period, is required to pursue this corporate strategy in the future (nevertheless, the option to exclude subscription rights with regard to capital increases against contribution in cash and/or in kind from Authorized Capital 2017-II should be limited to a total of 20 % of the share capital - as is also the case under existing Authorized Capital 2015-I). This ensures the preservation of liquidity when making acquisitions, particularly acquisitions of company interests and commercial property rights, so that the Company's market position can expand further. Financing such acquisitions in whole or in part with cash on hand when authorized capital is insufficient is neither possible nor recommendable for certain transactions because the seller or licensor often insists on receiving shares as compensation since this may be more economically beneficial to the seller or licensor.

The option to use shares as acquisition currency gives the Company the necessary scope to take advantage of these types of acquisition opportunities quickly and with ample flexibility. The exclusion of subscription rights is necessary in these cases because the acquisitions

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must be undertaken on short notice and often cannot be resolved at an Annual General Meeting that assembles only once per year. In such cases, there is insufficient time to convene an Extraordinary General Meeting due to the statutory deadlines. Therefore, to make such acquisitions, it is preferable to have authorized capital that can be accessed quickly by the Management Board with the Supervisory Board's consent.

- c) The option to exclude subscription rights under subsection b) cc) of Agenda Item 6 – as is also the case under Authorized Capital 2015-I – is intended to permit further issues of the Company's shares on a foreign exchange to the extent this is feasible given the prevailing market conditions and serves the further growth of the Company. The exclusion of subscription rights should provide the opportunity to set up a dual listing on a foreign exchange (e.g., the NASDAQ stock exchange). The exclusion of subscription rights ensures a meaningful placement volume and an optimal use of the new shares, as opposed to maintaining shareholders' subscription rights, which would lead to significant technical difficulties when placing new shares and prevent the Company from achieving the best issue price possible. The broader diversified international funding base that results from a dual listing would offer the Company more protection against capital market fluctuations and counteract the effects of changes in local costs of capital. This type of international investor structure would create more market liquidity, reduce the Company's dependence on individual investors and hinder hostile takeover attempts. In the international biotechnology environment, a listing on a foreign stock exchange would also facilitate the acquisition of company interests in exchange for shares. This is especially the case in the US market, which is a particularly important for the Company.

The total number of shares to be issued via capital increases against contribution in cash and in kind, excluding subscription rights and based on the authorizations mentioned above, shall not exceed 20 % of the share capital when calculated based on the authorizations' effective date or exercise, whichever amount is lower. The 20 % limit shall take account shares that will be sold, issued or are to be issued excluding subscription rights under other authorizations explicitly named. This 20 % limit should take into account (i) treasury shares sold with the exclusion of subscription rights after the effective date of these authorizations (unless they service the entitlements of members of the Management Board and/or employees under employee participation programs), (ii) shares that are issued excluding subscription rights during the effective period of these authorizations from other authorized capital existing on the effective date of these authorizations or to be resolved by the same Annual General Meeting resolving these authorizations; and (iii) shares to be issued during the effective period of these authorizations to service bonds with conversion or warrant rights, whose authorization basis exists on the effective

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date of these authorizations, to the extent the bonds with conversion or warrant rights were issued with the exclusion of shareholders' subscription rights (unless they service the entitlements of members of the Management Board and/or employees under employee participation programs).

This limitation restricts the total amount of shares to be issued from authorized or conditional capital excluding subscription rights and the sale of treasury shares excluding subscription rights. This gives shareholders further protection against a dilution of their shareholdings. Shares that will be issued with the exclusion of subscription rights to serve the entitlements of members of the Management Board and/or employees under employee participation programs are not included in this limitation because the dilution effect for shareholders is low and shareholders are not entitled to subscription rights in the context of employee participation programs.

The maximum exclusion of subscription rights under Authorized Capital 2017-II comprises 20 % of the share capital of the Company.

By taking into consideration all of the circumstances described above, the Management Board and the Supervisory Board regard the exclusion of subscription rights in the aforementioned cases, including the resulting dilution effect for shareholders, as reasonable and adequate for the grounds explained.

The Management Board will report to the Annual General Meeting on each use of Authorized Capital 2017-II.

IV.

Total number of shares and voting rights at the time of notification of the Annual General Meeting

At the time of notification of this Annual General Meeting, the Company's share capital consisted of 29,159,770 no-par-value bearer shares. Each share is entitled to one vote. At the time of notification of the Annual General Meeting, the Company held treasury stock in the amount of 386,505 shares. These shares do not convey any rights to the Company. The total number of shares bearing participation and voting rights at the time of notification of the Annual General Meeting amounted to 28,773,265 shares.

V.

Prerequisite for participating in the Annual General Meeting and exercising voting rights

According to section 17 para. 1 of the Articles of Association, in order for shareholders to participate in the Annual General Meeting and exercise their voting rights, the shareholders must first register for the Annual General Meeting and prove their eligibility. The registration and proof of eligibility must be provided in German or English and should be received by the Company no later than

May 10, 2017

(24:00 hours [midnight] CEST)

at the following mailing address, fax number or email address (e.g., as a scanned document, e.g. as a pdf file):

MorphoSys AG
c/o Better Orange IR & HV AG
Haidelweg 48
81241 Munich
Germany
Fax: +49 (0)89 / 889 690 633
Email: anmeldung@better-orange.de

Proof of eligibility must be provided by means of a written confirmation (section 126b of the German Civil Code – Bürgerliches Gesetzbuch [BGB]) prepared by the depository bank. This proof must refer to the beginning of the twenty-first day before the Annual General Meeting, which is

April 26, 2017

(00:00 hours [beginning of the day] CEST [record date]).

Better Orange IR & HV AG is the Company's agent authorized to receive both the registration and the proof of shareholdings.

With the Company's timely receipt of the registration, including the proof of shareholding, the admission tickets for the Annual General Meeting will be sent to the shareholder or deposited at the location where the meeting is to take place. The tickets are for organizational purposes only and are not required for participating in the Annual General Meeting or exercising voting rights. To ensure the timely receipt of the tickets, we kindly ask shareholders to ask their depository bank for tickets to the Annual General Meeting as early as possible.

VI.

Significance of the record date

The record date is the date that determines whether shareholders are entitled to participate and exercise voting rights in the Annual General Meeting. With respect to the Company, only those individuals who have submitted proof that they owned shares on the record date will be considered as shareholders and permitted to participate in the Annual General Meeting and exercise voting rights. Shareholders who acquired their shares after the record date are not entitled to participate in the Annual General Meeting and exercise voting rights unless they have obtained a power of attorney or are otherwise authorized to exercise such legal rights (see Item VIII. "Procedure for voting by proxy"). Shareholders who have properly registered and provided proof of their shareholding are also entitled to participate in the Annual General Meeting and exercise voting rights if they sell the shares after the record date. The record date does not result in blocking the potential transfer of shares. The record date is not relevant for potential dividend entitlement.

VII.

Procedure for voting by mail

Shareholders unable to participate in the Annual General Meeting in person may also cast their vote by mail. Only those shareholders who registered for the Annual General Meeting on time and have provided proof of their shareholding (see Item V. "Prerequisite for participating in the Annual General Meeting and exercising voting rights") are entitled to cast votes by mail. Voting by mail is either done in writing or by way of electronic communication. The form required to vote by mail is provided to the shareholders together with the admission ticket. The ticket is sent to shareholders following the registration described above and the receipt of the proof of shareholding in the proper form and on time. It is also available for download on the Internet at www.morphosys.com/agm. The votes cast by mail must reach the Company no later than

May 16, 2017

(24:00 hours [midnight] CEST)

at the following mailing address, fax number or email address (e.g., as a scanned document, e.g., as a pdf file):

MorphoSys AG
c/o Better Orange IR & HV AG
Haidelweg 48
81241 Munich

Convenience translation only

Germany

Fax: +49 (0)89 889 690 655

Email: morphosys@better-orange.de

Better Orange IR & HV AG is the Company's agent authorized to receive votes cast by mail.

VIII.

Procedure for voting by proxy

Shareholders may also have their voting right(s) exercised by a proxy, e.g., by a financial institution, an association of shareholders, Company-appointed proxies or any other third party. Timely registration for the Annual General Meeting and the timely submission of proof of shareholding is also required if shareholders choose to vote by proxy (see Item V. "Prerequisite for participating in the Annual General Meeting and exercising voting rights" above). If the shareholder authorizes more than one person to be a proxy, the Company may refuse one or several of these proxies.

If neither a bank nor a shareholders' association or person or an institution that is considered to be an equivalent as defined by section 135 para. 8 AktG or section 135 para. 10 AktG in conjunction with section 125 para. 5 AktG is appointed, then appointing a proxy or revoking such an appointment and providing evidence of this to the Company must be made in text form (section 126b BGB).

For granting a proxy to financial institutions, shareholders' associations, or other persons or institutions considered equivalent under section 135 para. 8 AktG or section 135 para. 10 AktG in conjunction with section 125 para. 5 AktG, there is no formal requirement by law or the Articles of Association. The entities or persons to be appointed as proxies in these cases may, however, require a special form of authorization because section 135 para. 1 sentence 2 AktG (in conjunction with section 135 para. 8 or section 135 para. 10 in conjunction with section 125 para. 5 AktG, if applicable) requires them to record such authorizations in a verifiable manner. Therefore, we ask that shareholders come to an agreement with the entities or persons to be appointed as proxies on the form of this authorization.

Evidence of proxy may still be furnished by the proxy on the day of the Annual General Meeting at the meeting's location.

For organizational reasons, proof of proxy may also be transmitted no later than

May 16, 2017

(24:00 hours [midnight] CEST)

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at the following mailing address, fax number or email address (e.g., as a scanned document, e.g., as a pdf file):

MorphoSys AG
c/o Better Orange IR & HV AG
Haidelweg 48
81241 Munich
Germany
Fax: +49 (0)89 889 690 655
Email: morphosys@better-orange.de

Better Orange IR & HV AG is the Company's agent authorized to receive the proof of proxy.

A form in accordance with section 30a para. 1 no. 5 of the German Securities Trading Act (Wertpapierhandelsgesetz [WpHG]) that can be used to appoint proxies is included on the back of the admission ticket. This ticket is sent to shareholders following their registration in the proper form and on time that includes a confirmation of the proof of shareholding (see Item V. "Prerequisite for participating in the Annual General Meeting and exercising voting rights") and is also available for download on the Internet under www.morphosys.com/agm.

The Company offers shareholders the option to have Company-appointed proxies represent them at the Annual General Meeting pursuant to their instructions. These proxies will exercise the voting rights solely in accordance with the instructions they receive from the shareholders and are obliged to vote according to these instructions; they cannot exercise voting rights at their own discretion. The Company-appointed proxies do not accept powers of attorney for raising objections against resolutions of the Annual General Meeting, exercising the right to speak, asking questions or proposing motions.

Additional information on voting by proxy and a form that can be used by shareholders to appoint and instruct Company-appointed proxies will be sent to the shareholders along with their admission ticket. This ticket is sent to shareholders following their registration made in the proper form and on time that includes a confirmation of the proof of shareholding (see Item V. "Prerequisite for participating in the Annual General Meeting and exercising voting rights") and is also available for download on the Internet under www.morphosys.com/agm. For organizational reasons, the proof of the appointment of a Company proxy along with the instructions must be received no later than

May 16, 2017

(24:00 hours [midnight] CEST)

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at the following mailing address, fax number or email address (e.g., as a scanned document, e.g., as a pdf file):

MorphoSys AG
c/o Better Orange IR & HV AG
Haidelweg 48
81241 Munich
Germany
Fax: +49 (0)89 889 690 655
Email: morphosys@better-orange.de

Better Orange IR & HV AG is the authorized recipient for Company-appointed proxies.

In addition, shareholders and shareholders' representatives attending the Annual General Meeting will also have the option to appoint Company proxies during the Annual General Meeting and have these proxies exercise the voting rights as instructed.

IX.

**Requests to supplement the agenda at the request of a minority
pursuant to section 122 para. 2 AktG**

Shareholders whose shares reach an aggregate amount of 5 % of the share capital (corresponding to 1,457,988 no par value shares) or the total nominal amount of € 500,000.00 (corresponding to 500,000 no par value shares), may request that items be added to the agenda and published. Every request to add a new agenda item must be accompanied by an explanation of the reasons therefor or a proposed resolution. The request must be sent in writing to the Management Board of MorphoSys AG and must reach the Company no later than 30 days before the Annual General Meeting, which is the close of

April 16, 2017

(24:00 hours [midnight] CEST)

at the following mailing address:

MorphoSys AG
The Management Board
Sammelweisstraße 7
82152 Planegg

Germany

Applicants shall provide evidence of their share ownership for a period of at least 90 days prior to the day the request is received and state that they will continue to hold the shares until the Management Board has decided on their request, whereby section 70 AktG is applied when calculating the period that the shares were held. The day the request is received is not included in this period. It is not allowed to change to a preceding or following working day when the end of the period to provide evidence of share ownership falls on a Sunday, Saturday or public holiday. Sections 187 to 193 BGB do not apply.

Unless announced at the time of the notification of the Annual General Meeting, supplements to the agenda shall be published immediately in the Federal Gazette upon receipt of the corresponding motion and be furnished to communication media for publication where the information is expected to be disseminated throughout the European Union. The supplements to the agenda will also be published on the Internet at www.morphosys.com/agm and communicated.

X.

Countermotions pursuant to section 126 para. 1 AktG and election proposals pursuant to section 127 AktG

In addition, the Company's shareholders may send countermotions to proposals put forth by the Management Board and/or the Supervisory Board concerning specific agenda items as well as election proposals related to the election of Supervisory Board members and auditors. All countermotions (including explanation), election proposals and other shareholder inquiries regarding the Annual General Meeting are to be sent to the following address only:

MorphoSys AG
c/o Better Orange IR & HV AG
Haidelweg 48
81241 Munich
Germany
Fax: +49 (0)89 889 690 666
Email: antraege@better-orange.de

Countermotions and election proposals sent to any other address will not be considered. Better Orange IR & HV AG is the Company's agent authorized to receive countermotions and election proposals.

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Countermotions and election proposals arriving with proof of shareholder status at the above mailing address, fax number or email address up to 14 days before the date of the Annual General Meeting, i.e., by no later than the close of

May 2, 2017

(24:00 hours [midnight] CEST)

will be made available to other shareholders on the internet at www.morphosys.com/agm immediately upon receipt together with the name of the shareholder and the reasons for the countermotion if the other requirements for publication pursuant to section 126 AktG have been met. Any statements by the Company's management will also be published at the same internet address.

Pursuant to section 127 sentence 2 AktG, shareholders must not provide reasons for proposals for the election of Supervisory Board members and auditors. In addition to the reasons specified in section 126 para. 2 AktG, the Management Board is not required to publish an election proposal that does not contain the name, profession and domicile of the candidate, among others. Proposals concerning the election of Supervisory Board members are not required to be made available if they are not accompanied by information on the proposed candidate's appointments to other statutory supervisory boards as defined in section 125 para. 1 sentence 5 AktG.

Please be advised that countermotions and proposals for elections that have been submitted to the Company on time and in advance of the Annual General Meeting shall only be considered at the Annual General Meeting if they are also submitted orally to the Annual General Meeting.

This does not affect the right of each shareholder to submit countermotions to the Annual General Meeting concerning various items on the agenda and election proposals for Supervisory Board members (if on the agenda) and auditors without submitting them in advance and on time to the Company.

XI.

Shareholder's right to information pursuant to section 131 para. 1 AktG

Every shareholder and shareholder representative may ask the Management Board at the Annual General Meeting to provide information on matters pertaining to the Company to the extent that such information is necessary for making a reasonable assessment of an agenda item and provided there is no statutory right to refuse to provide the information requested.

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The obligation to provide information also applies to the legal and business relationship of the Company with an affiliate, the situation of the Group and the companies included in the consolidated financial statements.

As a rule, all such requests for information should be made orally at the Annual General Meeting. The Management Board may refrain from answering certain questions if the circumstances apply that are outlined in section 131 para. 3 AktG, particularly when – according to reasonable business judgment – providing the information is likely to cause substantial damages to the Company or an affiliate.

Pursuant to section 19 para. 4 of the Articles of Association, the chair of the Annual General Meeting may restrict the length of time a shareholder has the right to speak and to ask questions as appropriate.

XII.

Publication on the website / Further information

Notification of the Annual General Meeting and all documents and information that should be made available pursuant to section 124a AktG, as well as shareholder's motions, further information and additional explanations on shareholders' rights pursuant to sections 122 para. 2, 126 para. 1, 127, 131 para. 1 AktG are also available on the Company's website at www.morphosys.com/agm. All documents that must be made available to the shareholders are also available for review at the Annual General Meeting.

The voting results will be published at the website address above following the Annual General Meeting.

Planegg, March 2017

MorphoSys AG
The Management Board