

**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 2019 Annual General Meeting of MorphoSys AG**

We would like to invite our Company's shareholders to the Annual General Meeting on Wednesday, May 22, 2019, at 10:00 a.m. at the premises of MorphoSys AG located at Semmelweisstrasse 7, 82152 Planegg, Germany.

**I.**

**Agenda**

- 1. Presentation of the adopted financial statements and the approved consolidated financial statements as of December 31, 2018; the management reports, including the report of the Supervisory Board for the 2018 financial year; and the Management Board's explanatory report regarding the disclosures pursuant to sections 289a para. 1 and 315a para. 1 of the German Commercial Code (Handelsgesetzbuch [HGB])**

The documents above are available at the offices of MorphoSys AG at Semmelweisstrasse 7, 82152 Planegg, Germany, and may also be downloaded from our website at [www.morphosys.com/agm](http://www.morphosys.com/agm). These documents will also be sent to shareholders immediately upon request free of charge. 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 2018 financial year**

The Management Board and the Supervisory Board propose to discharge the Management Board members for the 2018 financial year.

**3. Resolution on the discharge of Supervisory Board members for the 2018 financial year**

The Management Board and the Supervisory Board propose to discharge the Supervisory Board members for the 2018 financial year.

**4. Resolution on the appointment of the auditor for the 2019 financial year**

In accordance with the recommendation of the Supervisory Board's Audit Committee, the Supervisory Board proposes that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Munich, be re-appointed as auditor of the annual financial statements and consolidated financial statements for the 2019 financial year and as auditor for the review of the half-year financial report as of 30 June 2019 pursuant to section 115 para. 5 of the German Securities Trading Act (Wertpapierhandelsgesetz [WpHG]).

**5. Resolution on the increase in the number of Supervisory Board members; amendment of the Articles of Association**

With regard to Section 95 sentence 3 of the German Stock Corporation Act (Aktengesetz [AktG]), the Annual General Meeting of the Company may elect a Supervisory Board consisting of at least three persons, but which does not necessarily have to be divisible by three. Currently, Section 8 (1) of the Company's Articles of Association stipulates that the Supervisory Board shall consist of six members. This is to be changed and the number of Supervisory Board members increased to seven.

The Management Board and the Supervisory Board propose to resolve as follows:

Section 8 para. 1 of the Articles of Association shall in its entirety be amended as follows:

“The Supervisory Board consists of seven members elected by the shareholders in accordance with the German Stock Corporation Act.”

**6. Resolution on the election of Supervisory Board members**

The Supervisory Board currently 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

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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 term of office of Supervisory Board member Ms. Krisja Vermeylen expires with the conclusion of the Annual General Meeting on May 22, 2019. The other members of the Supervisory Board do currently not need to be re-appointed as their term of office is still running. One member of the Supervisory Board must therefore be elected.

Furthermore, with regard to agenda item 5 of this Annual General Meeting, which provides for an expansion of the Supervisory Board to seven members, a new member of the Supervisory Board must be elected. The new member of the Supervisory Board shall be elected with effect from the date of registration of the amendment to the Articles of Association to be resolved under agenda item 5 in the commercial register. The election proposal is in accordance with Section 95 sentence 3 AktG. A total of two Supervisory Board members must therefore be elected.

That said, in accordance with the proposal of its Remuneration and Nomination Committee, the Supervisory Board proposes to elect the persons listed under a) and b) below as members of the Supervisory Board. The person named under a) below shall be elected with effect from the end of the Annual General Meeting on May 22, 2019. The person named under b) below shall be elected with effect from the date of registration of the amendment to the Articles of Association to be resolved under agenda item 5 in the commercial register. The persons proposed under a) and b) below shall be appointed for the period until the end of the General Meeting resolving on the discharge of the Supervisory Board for the first financial year after commencing the term of office, whereby the financial year in which the term of office begins is not included (i.e. presumably until the end of the ordinary General Meeting in 2021).

- a) Mrs. Krisja Vermeylen  
Profession: Self-employed management consultant in the Life Sciences and Healthcare industries  
Residence: Herentals, Belgium
  
- b) Mrs. Sharon Curran  
Profession: Non-Executive Director in the Life Sciences and Healthcare industries  
Residence: Dublin, Ireland

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The candidates proposed for election are members of a statutory supervisory board at the companies listed under (i) below or members of a comparable domestic and foreign supervisory body of a commercial enterprise at the companies listed under (ii) below:

- a) Mrs. Krisja Vermeylen
  - (i) n.a.
  - (ii) n.a.
  
- b) Mrs. Sharon Curran
  - (i) n.a.
  - (ii) Circassia Pharmaceuticals plc, Oxford, United Kingdom (publicly listed company),  
Member of the Board of Directors

A detailed biography of the proposed candidates can be found at [www.morphosys.com/agm](http://www.morphosys.com/agm).

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

The proposed candidates do not 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.

The election proposal takes into account the objectives set by the Supervisory Board for its composition and aim to fill out the competence profile drawn up by the Supervisory Board for the entire Board. The goals and competence profile were last resolved by the Supervisory Board on July 26, 2017 and have been published in the Corporate Governance Report on the fiscal year 2018, including the status of implementation. This is contained in the Annual Report 2018.

The candidates proposed for election as well as the members of the Supervisory Board who are not up for re-election are in their entirety familiar with the sector in which the company operates.

**7. Resolution on the election procedure of Supervisory Board members; amendment of the Articles of Association**

The Articles of Association of the Company are to be amended with regard to the election of Supervisory Board members of shareholder representatives. This is intended to counteract any ambiguities if several candidates apply for a Supervisory Board mandate as shareholder representative.

The Management Board and the Supervisory Board propose to resolve as follows:

Section 20 of the Articles of Association shall be supplemented by a new paragraph 2 and in its entirety be amended as follows:

„§ 20

Resolution of the General Meeting

(1) To the extent not otherwise required by mandatory provisions of law, resolutions of the General Meeting shall be passed by a simple majority of the votes cast and, where a capital majority is required, by a simple majority of the share capital represented when the vote is taken.

(2) Elections of Supervisory Board members shall be passed by a simple majority of votes. If in elections with two or more candidates no candidate obtains an absolute majority in the first ballot, another ballot is held between the two candidates who received the most votes. In the second ballot, the relative majority of votes is sufficient. In the event of a tie in the second ballot, the lot drawn by the Chair of the General Meeting shall be decisive."

**8. Resolution on the adjustment of the Supervisory Board remuneration**

Pursuant to section 15 para. 1 of the Articles of Association, the Supervisory Board members are entitled to receive, pursuant to a resolution of the General Meeting, an appropriate annual remuneration in addition to the reimbursement of their expenses. On May 8, 2015, the Annual General Meeting has adopted a resolution on the remuneration of the Supervisory Board members under agenda item 8. This remuneration as resolved by the Annual General Meeting on May 8, 2015 shall remain unchanged and only be adjusted with the following amendments:

First, the annual basic remuneration of the Supervisory Board members shall be increased (see subsection a) aa) in the proposed resolution below). In addition, the participation by telephone or

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video conference in Supervisory Board or committee meetings which require personal attendance will lead to a reduction in the attendance fee by half (see subsection a) bb) and subsection a) dd) in the proposed resolution below). However, a participation in Supervisory Board or committee meetings which are held by telephone or video conference does not lead to a reduction in the attendance fee (see subsection a) bb) and subsection a) dd) below). For transparency, the complete resolution regarding the remuneration of the Supervisory Board as resolved in the Annual General Meeting on May 8, 2015 (agenda item 8) shall be revised, even if the remuneration of the Supervisory Board is only partially amended.

Therefore, pursuant to section 15 para. 1 of the Articles of Association, the Management Board and the Supervisory Board propose revising the resolution under agenda item 8 made at the Annual General Meeting on May 8, 2015 in its entirety as follows:

- a) For the 2019 financial year, the Supervisory Board members shall receive the following cash remuneration:
  - aa) A flat fee in the amount of € 98,210.00 p.a. for the Chairman of the Supervisory Board, € 58,926.00 p.a. for the Deputy Chairman of the Supervisory Board, € 39,284.00 p.a. for the other Supervisory Board members (plus applicable VAT in each case);
  - bb) In addition, (i) an amount of € 4,000.00 (plus applicable VAT) for the Chairman of the Supervisory Board for each Supervisory Board meeting chaired and (ii) € 2,000.00 (plus applicable VAT) for the other Supervisory Board members for each Supervisory Board meeting attended. This also applies for Supervisory Board meetings held without physical presence by telephone or video conference. However, if the Chairman of the Supervisory Board or a Supervisory Board member participates by telephone or video conference at a Supervisory Board meeting requiring personal attendance, the above fees will halve for those not personally attending the meeting.
  - cc) For their membership in Supervisory Board committees, Supervisory Board members shall also receive the following compensation (plus applicable VAT) for each committee in which they are chairman of the committee or member of the committee:
    - as the chairman of a committee € 12,000.00 p.a.;
    - each member of a committee € 6,000.00 p.a.

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- dd) In addition, in their capacity as members of a committee, Supervisory Board members shall each receive an amount of € 1,200.00 (plus applicable VAT) for each such committee meeting attended. This also applies for committee meetings held without physical presence by telephone or video conference. However, if the Supervisory Board member participates by telephone or video conference at a committee meeting requiring personal attendance, the above fee will halve for those not personally attending the meeting.
- ee) If a Supervisory Board member (geographically) residing outside of Europe participates personally in a Supervisory Board and/or committee meeting at the meeting's location, the Supervisory Board member is entitled to a lump-sum allowance of € 2.000,00 for the associated additional travel time (plus applicable VAT) in addition to the attendance fees stated in subsection bb) and dd) and the reimbursement of expenses.
- b) The remuneration pursuant to the preceding subsections a) aa) and cc) shall become due in equal tranches on a quarterly basis and the attendance fees pursuant to the preceding subsections a) bb) and dd) shall become due at the end of the quarter in which the relevant meeting took place.
- c) The provisions defined in the subsections a) and b) shall also apply to the Supervisory Board's remuneration and the respective due dates in the following financial years unless the Annual General Meeting resolves otherwise.

**9. Resolution on the creation of an Authorized Capital 2019-I under exclusion of subscription rights for the purpose of serving "Restricted Stock Units" to be issued to senior managers and employees of MorphoSys US Inc. under the "Restricted Stock Unit Program" of the Company and on the respective amendment of section 5 of the Articles of Association**

The Management Board intends, with the consent of the Supervisory Board, to resolve on the implementation of a "Restricted Stock Unit Program" to function as a long-term, share-based remuneration component for senior managers and employees (including directors and officers) of the 100% U.S. subsidiary of the Company, MorphoSys US Inc. (the "**RSUP**"). An attractive and competitive remuneration program is essential for the recruitment and long-term commitment of highly qualified employees. Pursuant to the planned RSUP, the Company shall be allowed to grant so-called "Restricted Stock Units" ("**RSUs**") to beneficiaries, which – if certain requirements

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are met – grant the beneficiaries a claim against the Company for a cash payment depending on the stock exchange price of the shares of the Company. However, the terms and conditions of the RSUP shall include a substitution right of the Company, permitting it to fulfill the payment claims of RSU beneficiaries by delivering shares instead of cash. In order for the Company to be able to issue new shares in such case, and to fulfill the payment claims of the respective beneficiaries when due, a new authorized capital (Authorized Capital 2019-I) shall be created.

The Management Board and the Supervisory Board therefore propose to resolve as follows:

a) Creation of an Authorized Capital 2019-I under exclusion of subscription rights

The Management Board is authorized, with the consent of the Supervisory Board, until 30 April 2024 (including) to increase the Company's registered share capital by up to € 159,197.00 against cash contributions and/or contributions in kind once or several times by issuing up to 159,197 new no-par value bearer shares (*auf den Inhaber lautende Stückaktien*) (Authorized Capital 2019-I).

The subscription rights of shareholders are excluded. The Authorized Capital 2019-I serves the purpose of delivering shares of the Company against the contribution of payment claims resulting from Restricted Stock Units (RSUs) in order to fulfill RSUs that were granted in accordance with the terms and conditions of the Restricted Stock Unit Program of the Company (RSUP) exclusively to senior managers and employees (including directors and officers) of MorphoSys US Inc.

The issue price of the new shares must amount to at least € 1.00 and can be paid either by way of a cash contribution and/or contribution in kind, including in particular the contribution of claims against the Company under the RSUP. The Management Board is authorized to determine the further details of the capital increase and its implementation with the consent of the Supervisory Board; this also includes the determination of the profit participation of the new shares, which may, in deviation from section 60 para. 2 AktG, also participate in the profit of an already completed fiscal year.

b) Amendment of section 5 of the Articles of Association of the Company

Section 5 of the Articles of Association of the Company shall be supplemented by a new paragraph 6 h as follows:

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“(6 h) The Management Board is authorized, with the consent of the Supervisory Board, until 30 April 2024 (including), to increase the Company’s registered share capital by up to € 159,197.00 against cash contributions and/or contributions in kind once or several times by issuing up to 159,197 new no-par value bearer shares (*auf den Inhaber lautende Stückaktien*) (Authorized Capital 2019-I).

The subscription rights of shareholders are excluded. The Authorized Capital 2019-I serves the purpose of delivering shares of the Company against the contribution of payment claims resulting from Restricted Stock Units (RSUs) in order to fulfill RSUs that were granted in accordance with the terms and conditions of the Restricted Stock Unit Program of the Company (RSUP) exclusively to senior managers and employees (including directors and officers) of MorphoSys US Inc.

The issue price of the new shares must amount to at least € 1.00 and can be paid either by way of a cash contribution and/or contribution in kind, including in particular the contribution of claims against the Company under the RSUP. The Management Board is authorized to determine the further details of the capital increase and its implementation with the consent of the Supervisory Board; this also includes the determination of the profit participation of the new shares, which may, in deviation from section 60 para. 2 AktG, also participate in the profit of an already completed fiscal year.”

**II.**

**Written report of the Management Board on agenda item 9  
pursuant to section 203 para. 1 sentence 1 in conjunction with section 186 para. 4  
sentence 2 AktG**

**(Resolution on the creation of an Authorized Capital 2019-I under exclusion of subscription rights for the purpose of serving “Restricted Stock Units” to be issued to senior managers and employees of MorphoSys US Inc. under the “Restricted Stock Unit Program” of the Company and on the respective amendment of section 5 of the Articles of Association)**

Under agenda item 9, the Management Board and the Supervisory Board propose to the general meeting on May 22, 2019 to create a new authorized capital (Authorized Capital 2019-I). Pursuant to section 203 para. 1 sentence 1 in conjunction with section 186 para. 4 sentence 2 AktG, the Management Board provides the following report on agenda item 9 to the general meeting on the reason for the exclusion of subscription rights of the shareholders when issuing new shares from the Authorized Capital 2019-I:

## **1. Background on the proposal for the creation of a new Authorized Capital 2019-I**

In July 2018, MorphoSys AG founded a 100% subsidiary in the USA, MorphoSys US Inc. The background is the development of a strong presence in the USA, in particular for a preparation of the planned marketing of the Company's most advanced antibody program MOR208 in the USA, conditional on a respective FDA approval. MOR208 is an antibody for the treatment of certain forms of blood cancer, for which the Company holds the exclusive worldwide commercial rights. The Company's goal is to become a fully integrated biopharmaceutical company which, at the same time, develops and markets its own pharmaceuticals.

An attractive and competitive remuneration program is essential for the recruitment and long-term commitment of highly qualified employees. In particular, with a view to MorphoSys US Inc., a share-based employee participation program is required which takes into account US standards and expectations. For this purpose, the Management Board intends, with the consent of the Supervisory Board, to implement a "Restricted Stock Unit Program" as a long-term, share-based remuneration component for senior managers and employees (including directors and officers) of MorphoSys US Inc. (hereinafter collectively the "**Employees**" and the "**RSUP**", respectively). Pursuant to the planned RSUP, the Company shall be allowed to grant so-called "Restricted Stock Units" ("**RSUs**") to beneficiaries, which – if certain requirements are met – grant the beneficiaries a claim against the Company for a cash payment depending on the stock exchange price of the shares of the Company (further details are given below under no. 2 of this report).

However, the terms and conditions of the RSUP shall give the Company the right to fulfill the cash payment claims of the RSU beneficiaries by delivering shares of the Company. In order for the Company to be able to issue new shares in such case, and to fulfill the payment claims of the respective beneficiaries when due, the Authorized Capital 2019-I shall be created.

## **2. Key aspects of the planned RSUP**

It is currently planned to implement the RSUP as follows:

### **a. Granting of RSUs to beneficiaries**

Under the RSUP, only the Employees will be eligible for participation, to the extent they are not at the same time members of the Management Board or employees of MorphoSys AG. Each tranche of the RSUP has a term of three years. The Company may, at the beginning of a tranche, grant a certain

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number of RSUs to beneficiaries. In this context, the basis for calculation shall be an individual award amount for each beneficiary as well as the stock exchange price of the MorphoSys share. To calculate the exact number of RSUs, the respective individual award amount is divided by the average XETRA closing price of the MorphoSys share on the regulated market of the Frankfurt Stock Exchange on the last 30 trading days before the grant date.

#### **b. Vesting and key performance indicators**

In order for a cash payment claim to arise against the Company from the granted RSUs, it is necessary that the RSUs have become partially or fully exercisable at the end of the respective tranche. For this purpose, each tranche will be divided into three annual cycles. One third of the granted RSUs may vest at the end of each annual cycle, subject to the achievement of certain key performance indicators (“KPIs”). The relevant KPIs will be determined by the Board of Directors of MorphoSys US Inc. with the consent of the Management Board. With respect to the KPIs, the financial indicators EBIT and revenue of MorphoSys US Inc., as well as the development of the stock exchange price of the MorphoSys share will be relevant, whereby the financial indicators shall be weighted at two thirds and the stock exchange price at one third. The percentage resulting from the KPI achievement (“**KPI Achievement Rate**”) will be applied to the relevant one-third portion of RSUs granted to a beneficiary, whereby, however, a minimum hurdle of 50% must be achieved and a cap of 125% exists. The result shall be the number of RSUs that vests, for the relevant annual cycle, at the end of such annual cycle.

#### **Example (1):**

A beneficiary was granted 300 RSUs at the beginning of a tranche. During the first annual cycle, a KPI Achievement Rate of 80% was achieved, during the second annual cycle a KPI Achievement Rate of 40% was achieved, and during the third annual cycle a KPI Achievement Rate of 125% (Cap) was achieved. Accordingly, at the end of the first annual cycle, 80 RSUs have vested (1/3 of the 300 granted RSUs x 80%), at the end of the second annual cycle 0 RSUs have vested (since the minimum hurdle of 50% was not achieved) and at the end of the third annual cycle 125 RSUs have vested (1/3 of the 300 granted RSUs x 125%), thus in total 205 RSUs (80 + 0 + 125).

The vesting of RSUs for a certain annual cycle (at the end of such cycle) is conditional on the beneficiary still having a service or employment relationship with MorphoSys US Inc. at the end of the relevant annual cycle. If the beneficiary leaves MorphoSys US Inc. during the term of a tranche, such beneficiary will retain the RSUs that have vested until the point in time of leaving. The additional RSUs that were granted to such beneficiary will not continue to vest, rather they are forfeited without compensation. No partial vesting will take place within an annual cycle of a tranche.

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### **Example (2):**

If the beneficiary in example (1) above leaves MorphoSys US Inc. during the second annual cycle, such beneficiary will retain the 80 RSUs vested at the end of the first annual cycle, however, the remaining 200 RSUs granted to such beneficiary will forfeit without compensation. No further vesting will occur at the end of the second and the third annual cycle.

#### **c. Cash payment claim and the option to fulfill in shares**

The RSUs that have vested during the three annual cycles of a tranche will become exercisable at the end of the tranche – i.e. after the end of the third annual cycle. The total number of RSUs that have vested during a tranche determines the respective amount of the cash payment claim of the beneficiary against the Company. The amount of the cash claim resulting from one vested RSU corresponds to the relevant stock exchange price of one MorphoSys share immediately prior to the payout. The cash payment claim of a beneficiary against the Company is thus determined by multiplying the total number of vested RSUs with the relevant stock exchange price of one MorphoSys share immediately prior to the payout. A payout of the respective cash amount shall only be made for all vested RSUs after the expiry of the three-year term of a tranche. In particular, this shall also apply to cases where a beneficiary leaves MorphoSys US Inc. during the term of a tranche: The cash payment amount of such leaver, dependent on the number of vested RSUs, only becomes due and payable after the expiry of the third annual cycle (in example (2) above: 80 RSUs, multiplied by the relevant stock exchange price immediately prior to the payout).

The terms and conditions of the RSUP shall give the Company the right to opt, in its full discretion, whether to fulfill the cash payment claims from the beneficiaries' vested RSUs by delivering shares of the Company. In order to give the Company the required flexibility to grant new shares, the Authorized Capital 2019-I shall be created (as laid out in detail under no. 3 of this report). In this regard, the stock exchange price of one MorphoSys share immediately prior to the utilization of the Authorized Capital 2019-I by the Management Board, with the consent of the Supervisory Board, shall be relevant, such that one vested RSU corresponds to one new share.

### **3. Authorized Capital 2019-I**

The registered share capital of the Company currently amounts to € 31,839,572.00. Under the Authorized Capital 2019-I, the Management Board shall be authorized, with the consent of the Supervisory Board, until 30 April 2024 (including), to increase the Company's registered share capital

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by up to € 159,197.00 against cash contributions and/or contributions in kind once or several times by issuing up to 159,197 new no-par value bearer shares (*auf den Inhaber lautende Stückaktien*), i.e. by approximately 0.50% of the current registered share capital. The total volume of all authorized capitals – i.e. the Authorized Capital 2019-I proposed for resolution in the amount of up to € 159,197.00, the Authorized Capital 2018-I in the amount of up to € 11,768,314.00 (section 5 para. 5 of the Articles of Association) and the Authorized Capital 2017-I in the amount of up to € 2,915,977.00 (section 5 para. 6 of the Articles of Association) – would amount to € 14,843,488.00, i.e. approximately to 46.62% of the current registered share capital. The Authorized Capitals 2018-I and 2017-I remain unchanged by the proposed creation of the Authorized Capital 2019-I pursuant to agenda item 8. When adding up the Conditional Capital 2008-III in the amount of up to € 156,448.00 (section 5 para. 6 e of the Articles of Association), the Conditional Capital 2016-III in the amount of up to € 995.162,00 (section 5 para. 6 g of the Articles of Association) and the proposed Authorized Capital 2019-I in the amount of up to € 159,197.00, a total amount of up to € 1,310,807.00, corresponding to a total number of up to 1,310,807 new shares, may be issued in connection with employee incentive programs, i.e. approximately 4.12% of the current registered share capital.

To increase the flexibility of the Company and preserve its liquidity, the Company shall be given the possibility, through the creation of the Authorized Capital 2019-I, to fulfill the cash payment claims of beneficiaries whose RSUs have fully vested under the RSUP by delivering new shares. Namely, pursuant to the terms and conditions of the RSUP, the Company shall be authorized to opt, in its full discretion, to fulfill the cash payment claims by delivering shares. The fulfillment of the cash payment claims by delivering shares instead of paying a cash amount has the advantage that no cash outflow will occur and that the Company will continue to have the respective liquidity at its disposal. In the view of the Management Board, the available liquidity should primarily be invested into existing and future research and development programs, as well as into the further setup and expansion of the distribution organization.

## **4. Exclusion of subscription rights and issue price**

Under the Authorized Capital 2019-I, the subscription rights of shareholders shall be excluded in accordance with section 203 para. 1 sentence 1 in conjunction with section 186 paras. 3, 4 AktG. The background is that the Authorized Capital 2019-I shall serve the sole purpose of delivering shares of the Company against the contribution of payment claims resulting from RSUs in order to fulfill RSUs that were granted to Employees under the RSUP. Shares issued from the Authorized Capital 2019-I may solely be issued for this purpose; the issuance of shares for any other purpose – or to other beneficiaries – is not permitted.

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The issue price of the new shares from the Authorized Capital 2019-I must amount to at least € 1.00 and can be paid either by way of a cash contribution and/or contribution in kind, including in particular the contribution of claims against the Company under the RSUP. Furthermore, the amount of a cash claim resulting from one fully vested RSU corresponds to the stock exchange price of one MorphoSys share immediately prior to the payout. The Management Board shall be authorized to determine the further details of the capital increase and its implementation with the consent of the Supervisory Board; this also includes the determination of the profit participation of the new shares, which may, in deviation from section 60 para. 2 AktG, also participate in the profit of an already completed fiscal year.

A potential dilution of voting rights of the shareholders whose subscription rights are excluded is limited, amongst others, due to the small size of the Authorized Capital 2019-I. Taking into consideration all relevant factors, the Management Board and the Supervisory Board conclude that the exclusion of subscription rights under the respective limitations is appropriate, necessary and adequate and lies in the best interest of the Company.

### **5. Utilization of the Authorized Capital 2019-I**

The Management Board will report on the utilization of the Authorized Capital 2019-I in each case to the respective following annual general meeting.

#### **III.**

#### **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 31,839,572 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 280,000 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 31,559,572 shares.

#### **IV.**

#### **Prerequisites 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

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the Annual General Meeting and prove their eligibility. The registration and proof of eligibility must be provided in German or English and must be received by the Company no later than

**May 15, 2019**

(24:00 hours [midnight] CEST)

at the following mailing address, fax number or email address (e.g., as a scanned document 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](mailto:anmeldung@better-orange.de)

Proof of eligibility must be provided by means of a text 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

**May 1, 2019**

(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.

Registered holders of American Depositary Shares (ADSs) receive all information and documents relating to the Annual General Meeting from the Bank of New York, PO Box 505000, Louisville, KY 40233-5000, USA. If you have any questions regarding the exercise of voting rights, please contact BNY Mellon Shareowner Services ([shrrelations@cpushareownerservices.com](mailto:shrrelations@cpushareownerservices.com); phone: +1 201 680 6825 or toll-free from within the U.S.: +1-888-269-2377).

**V.**

**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 below, Item VI. "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 a potential dividend entitlement.

**VI.**

**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 above, Item IV. "Prerequisites 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

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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.

Proof of proxy may also be transmitted, but for organizational reasons no later than

**May 21, 2019**

(24:00 hours [midnight] CEST),

at the following mailing address, fax number or email address (e.g., as a scanned document 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](mailto:morphosys@better-orange.de)

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

A form 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 above, Item IV. "Prerequisites 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](http://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.

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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 above, Item IV. "Prerequisites 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](http://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 21, 2019**

(24:00 hours [midnight] CEST)

at the following mailing address, fax number or email address (e.g., as a scanned document 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](mailto:morphosys@better-orange.de)

or electronically via internet at [www.morphosys.com/agm](http://www.morphosys.com/agm) under the item "Voting Proxy (Online-Voting-System)".

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

**VII.**

**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 1,591,979 no par value shares) or the total nominal amount of € 500,000.00 (corresponding to 500,000

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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 21, 2019**

(24:00 hours [midnight] CEST)

at the following mailing address:

MorphoSys AG  
The Management Board  
Semmelweisstrasse 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](http://www.morphosys.com/agm) and communicated.

**VIII.**

**Counter motions pursuant to section 126 para. 1 AktG and election proposals pursuant to section 127 AktG**

In addition, the Company's shareholders may send counter motions 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

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countermotions (including any 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](mailto: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.

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 7, 2019**

(24:00 hours [midnight] CEST)

will be made available to other shareholders on the internet at [www.morphosys.com/agm](http://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.

In addition to the reasons specified in section 126 para. 2 AktG, the Management Board is among others not required to publish an election proposal that does not contain the name, profession and domicile of the candidate. Proposals concerning the election of Supervisory Board members are also 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.

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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 and auditors without submitting them in advance and on time to the Company.

### **IX.**

#### **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.

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.

### **X.**

#### **Information for shareholders on data protection**

MorphoSys AG processes personal data (name, address, e-mail address, number of shares, type of shares, share ownership type and ticket number; where applicable name, address, e-mail address of an appointed proxy) on the basis of applicable data protection laws in order to enable shareholders to exercise their rights at the Annual General Meeting.

The processing of your personal data is mandatory for your participation in the Annual General Meeting. MorphoSys AG is responsible for the processing. The legal basis for the processing is Art. 6 para. 1 c) of the General Data Protection Regulation (GDPR).

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The service providers of MorphoSys AG, which are commissioned for holding the Annual General Meeting, only receive such personal data from MorphoSys AG which is necessary for the execution of the commissioned services and process the data exclusively according to the instructions of MorphoSys AG. Your data will not be transferred to a third country.

In general, your personal data will be deleted or anonymized as soon as the data is no longer required for the above-mentioned purpose and unless we are not obliged by law to provide further evidence and storage obligations.

You have the right to information, correction, restriction, objection and deletion at any time regarding the processing of your personal data, as well as the right to data transfer in accordance with Chapter III of the General Data Protection Regulation. You may exercise these rights *vis-à-vis* MorphoSys AG free of charge at the following e-mail address

datenschutz@morphosys.com

or by using the following contact details:

MorphoSys AG

Semmelweisstrasse 7

82152 Planegg

Germany

You also have the right to appeal to the data protection supervisory authorities in accordance with Art. 77 GDPR.

You can reach our company data protection officer at:

MorphoSys AG

Data Protection Officer (Datenschutzbeauftragter)

c/o intersoft consulting services AG

Beim Strohause 17, 20097 Hamburg, Germany

Email: [datenschutz@morphosys.com](mailto:datenschutz@morphosys.com)

Further information on data protection can be found on the MorphoSys AG website at <https://www.morphosys.de/datenschutz>.

**XI.**

**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](http://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, April 2019

MorphoSys AG

The Management Board