

Convenience Translation:

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

MorphoSys AG
Martinsried/Planegg
Securities Code Number: 663200
ISIN: DE0006632003



Invitation to the 2016 Annual General Meeting of MorphoSys AG

We would like to invite our Company's shareholders to the Annual General Meeting on Thursday, June 2, 2016, 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, 2015; the management reports, including the report of the Supervisory Board for the 2015 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 Lena-Christ-Straße 48, 82152 Martinsried/Planegg (the Company's reception area is located at Fraunhoferstraße 20, 82152 Martinsried/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 appropriation of MorphoSys AG's accumulated income for the 2015 financial year**

The Management Board and the Supervisory Board propose to carry forward the accumulated income from the 2015 financial year in the amount of EUR 14,857,059.50.

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3. Resolution on the discharge of Management Board members for the 2015 financial year

The Management Board and the Supervisory Board propose to discharge the Management Board members for the 2015 financial year.

4. Resolution on the discharge of Supervisory Board members for the 2015 financial year

The Management Board and the Supervisory Board propose to discharge the Supervisory Board members for the 2015 financial year.

5. Resolution on the appointment of the auditor for the 2016 financial year

In accordance with the recommendation of the Supervisory Board's Audit Committee, the Supervisory Board proposes the appointment of PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Munich, as the auditor of MorphoSys AG's financial statements and consolidated financial statements for the 2016 financial year and for the audit review of the interim financial statements as of June 30, 2016.

6. Resolution on the cancelation of Conditional Capital 2003-II; change in the Articles of Association

The Company has Conditional Capital 2003-II, which is contained in section 5 para. (6 c) of the Company's Articles of Association. Conditional Capital 2003-II currently amounts to EUR 36,000.00. Because Conditional Capital 2003-II can no longer be utilized, it is no longer needed and can be canceled.

Therefore, the Management Board and Supervisory Board propose to resolve the following:

- a) The Conditional Capital 2003-II contained in section 5 para. (6 c) of the Articles of Association is cancelled in its entirety.
- b) Section 5 para. (6 c) of the Company's Articles of Association is cancelled without substitution.

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7. Resolution on the creation of a new Conditional Capital 2016-I; authorization of the Management Board to issue convertible bonds and/or bonds with warrants with the option to exclude subscription rights; change in the Articles of Association

By resolution of the 2011 Annual General Meeting, Conditional Capital 2011-I was created in the amount of EUR 6,600,000.00 in accordance with section 5 para. (6 b) of the Articles of Association. The related authorization to issue bonds with conversion or warrant rights for shares in the Company ends on April 30, 2016. To ensure that the Company continues to retain all of the legally prescribed options for raising capital, a new authorization shall be granted for the issue of bonds with conversion or warrant rights for shares in the Company, and a new Conditional Capital 2016-I shall be created. The Company did not issue any bonds on the basis of the authorization of the 2011 Annual General Meeting.

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

- a) With the Supervisory Board's consent, the Management Board shall be authorized to issue bearer or registered convertible bonds or bonds with warrants (collectively "**bonds**") with a total nominal value of up to EUR 500,000,000.00 with a limited or unlimited maturity and grant bondholders conversion or warrant rights for subscription of up to a total of 5,307,536 new bearer shares in the Company with a notional interest in the share capital of EUR 1.00 each ("**new shares**") subject to the terms and conditions of the bond or warrant. The bonds are to be issued for cash. The authorization also includes the option to assume a guarantee for bonds issued by companies in which the Company has a direct or indirect majority interest and to grant new shares in the Company to meet the obligations of these bonds' conversion or warrant rights. The authorization is valid until and including April 30, 2021. The bonds can be issued on one or more occasions either in whole or in part. All fractional bonds will have identical rights and obligations.

If convertible bonds are issued, the holders shall be entitled to convert their respective bonds into new shares of the Company in accordance with the bond's terms and conditions. The conversion ratio is derived by dividing the nominal value of one bond by the conversion price set for one new share in the Company. The conversion ratio can also be derived by dividing the issue price of the bond, which is below its nominal value, by the conversion price set for one new share in the Company. The bond's terms and conditions can include a conversion obligation.

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If bonds with warrants are issued, each bond will have one or more warrants attached that entitle the holder to subscribe to new shares by paying the exercise price in accordance with the warrant's terms and conditions.

It can be stipulated in the bond or warrant terms and conditions that the exchange ratio and/or the conversion or exercise price is variable, and the conversion or exercise price will be set within a fixed range depending on the development of the share price during the term. The notional interest in the share capital attributable to the new shares that can be subscribed per bond may not exceed the principal amount of the respective bond or the issue price of the respective bond if the issue price is below the principal amount.

The conversion or exercise price may not be set at less than 80 % of MorphoSys AG's share price in the closing auction in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange. The relevant price is the average closing price on the five trading days prior to the Management Board's final decision to issue the bond. If shareholders are granted subscription rights for the bonds and these subscription rights are traded on the Frankfurt Stock Exchange, the relevant average closing price must be set based on the closing prices of MorphoSys AG's shares during the trading period of the subscription rights, except for the last two trading days. If a closing auction does not take place on the relevant trading days or a price is not determined in the auction, the applicable price will be the last price quoted in continuous trading, provided there was continuous trading on that trading day.

Sections 9 para. (1) and 199 para. (2) of the German Stock Corporation Act (Aktiengesetz [AktG]) remain unaffected.

With the Supervisory Board's consent, the Management Board is authorized to determine the bond's further terms and conditions. Among other things, the terms and conditions can govern

- whether instead of meeting the obligation using conditional capital, MorphoSys's treasury shares can be used or the payment of the equivalent value can be offered in cash or listed securities;
- whether the conversion price, exercise price and/or exchange ratio must be set when issuing the bonds or can be calculated based on future market prices within a set range;
- if and how a conversion ratio will be rounded;

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- whether an additional cash contribution or cash settlement will be set in the case of fractions;
- whether a certain date can be set up to which the conversion or warrant rights can or must be exercised;
- in which currency the bonds will be issued; and
- whether there is a conversion obligation.

As a general rule, bonds must be offered to shareholders for subscription. The bonds shall be offered by at least one credit institution or company within the definition of section 53 para. (1) sentence 1 or section 53 b para. (1) sentence 1 or para. (7) of the German Banking Act (Kreditwesengesetz [KWG]) subject to the obligation to offer the bonds to shareholders for subscription. With the Supervisory Board's consent, the Management Board is authorized to exclude shareholder subscription rights in the following cases:

- the new shares issued based on the conversion or warrant rights do not exceed 10 % of the share capital on the date this authorization takes effect nor on the date of its exercise. The calculation of the 10 % limit of the share capital includes:
 - shares issued under exclusion of subscription rights of shareholders in accordance with or as defined by section 186 para. (3) sentence 4 AktG during the term of this authorization and
 - shares issued or to be issued to service bonds with conversion or warrant rights based on other authorizations to the extent that the bonds will be issued excluding shareholder subscription rights during the term of this authorization as defined by section 186 para. (3) sentence 4 AktG.

The exclusion of the shareholders' subscription rights described in the rules above is also only permissible if the bonds' issue price is not significantly lower than the theoretical market value calculated using recognized financial mathematical methods.

- to the extent necessary to avoid fractional shares resulting from the subscription ratio;
- in order to grant subscription rights to the holders of conversion or warrant rights for Company shares as compensation for the dilution of the economic value of such rights to the extent they would be entitled to upon exercise of those rights.

Irrespective of section 9 para. (1) AktG, the conversion or exercise price may be reduced in value based on a dilution protection clause according to the bond's or warrant's specific terms and conditions if the Company increases the share capital or issues or guarantees additional bonds during the conversion or warrant period and grants shareholders an exclusive subscription right, and this confers no subscription rights to holders of existing

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conversion or warrant rights, which they would be entitled to after exercise of the conversion or warrant rights or the fulfillment of conversion obligations.

The bond or warrant terms may also provide for an adjustment in the conversion or exercise price for other actions of the Company that may lead to a dilution in the value of the conversion or warrant rights.

- b) As a precaution, the authorization to issue bonds with conversion or warrant rights to shares of the Company pursuant to the resolution of the Annual General Meeting 2011, which has already expired at the date of this Annual General Meeting, is hereby explicitly cancelled in its entirety and the Conditional Capital 2011-I is cancelled.
- c) The Company's share capital will be increased conditionally by up to EUR 5,307,536.00 through the issue of up to 5,307,536 no-par-value bearer shares in accordance with letter a) above to service conversion and warrant rights based on the authorization granted in letter a) above. The conditional capital increase serves to grant conversion and warrant rights – in accordance with the bond or warrant terms – to the holders of bonds issued under the authorization above until and including the date of April 30, 2021. The issue of the new shares will be carried out at the conversion or exercise price to be determined according to letter a) above and in accordance with the respective bond or warrant terms and conditions. The conditional capital increase will be carried out only to the extent that the bond holders exercise their conversion or warrant rights or meet their conversion obligation and to the extent that the Company's own shares are not made available to service these rights. The shares will be entitled to dividends as of the beginning of the previous financial year if they were issued before the start of the Company's Annual General Meeting or otherwise as of the beginning of the financial year in which they were issued.
- c) Section 5 para. (6 b) of the Articles of Association will be amended accordingly as follows:

“(6 b) The Company's share capital is increased conditionally by up to EUR 5,307,536.00 through the issue of up to 5,307,536 new no-par-value bearer shares (Conditional Capital 2016-I). The conditional capital increase serves solely as a means to grant new shares to the holders of conversion or warrant rights that will be issued by the Company or companies in which the Company has a direct or indirect majority interest according to the authorizing resolution of the Annual General Meeting on June 2, 2016 under Agenda Item 7 a). The issue of the

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shares will be carried out at the respective conversion or exercise price to be determined in accordance with the resolution above. The conditional capital increase will only be carried out to the extent that the holders of conversion or warrant rights exercise their rights or fulfill conversion obligations under such bonds. The shares will be entitled to dividends as of the beginning of the previous financial year if they were issued before the start of the Company's Annual General Meeting or otherwise as of the beginning of the financial year in which they were issued."

8. Resolution on the creation of Conditional Capital 2016-II and the authorization to grant subscription rights to members of the Management Board of MorphoSys AG, to members of management bodies of affiliated companies in Germany and abroad as well as to selected executives of MorphoSys AG and of affiliated companies in Germany and abroad (Performance Share Plan 2016); change in the Articles of Association

To continue to tie executives of MorphoSys AG and its affiliated companies in Germany and abroad to MorphoSys AG using a variable remuneration component with long-term incentives, there should be the option to grant subscription rights to shares of MorphoSys AG to members of the Management Board of MorphoSys AG, members of management bodies of affiliated companies in Germany and abroad and to selected executives of MorphoSys AG and affiliated companies in Germany and abroad ("**Performance Share Plan 2016**").

The structure of the variable compensation component with long-term incentives in the form of a Performance Share Plan proposed for resolution under Agenda Item 8 distinguishes itself in that the participants are entitled to variable remuneration in shares if ambitious goals have been reached. Unlike a conventional stock option plan, as proposed for resolution under the Agenda Item 9 at today's Annual General Meeting, the shares will not be granted upon achievement of targets at an issue price that corresponds to the average price of the Company's shares on the stock exchange before the subscription rights are granted, but at the respective lowest issue price permissible under corporate law of currently EUR 1.00. The main reason for this feature is that under a Performance Share Plan, the value of the respective share takes the place of cash compensation so that the shares are essentially granted without any consideration in cash given in return. This does not result in any particular economic advantage for participants in comparison to a conventional stock option plan because at the time the subscription rights are granted it is already assumed that the participants will receive the full value of the shares (net of the respective lowest issue price of currently EUR 1.00) and not only the difference between the

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relevant market price at the time of granting the subscription rights and the market price upon the shares' issue, as would be the case in a conventional stock option plan. Accordingly, fewer subscription rights are issued under a Performance Share Plan than under a conventional stock option plan. The combination of the two programs (this Agenda Item 8 and subsequent Agenda Item 9) allows the Company greater flexibility to create an optimal incentive structure for eligible persons.

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

- a) Authorization to issue performance shares with subscription rights to shares of MorphoSys AG

With the Supervisory Board's consent, the Management Board is authorized on one or more occasions until and including the date of April 30, 2021 ("**authorization period**") to grant subscription rights ("**performance shares**") to up to 165,860 no-par-value bearer shares of the Company to members of management bodies of affiliated companies in Germany and abroad and to selected executives of MorphoSys AG and affiliated companies in Germany and abroad.

The Supervisory Board is authorized on one or more occasions within the authorization period to grant performance shares to up to 165,860 no-par-value bearer shares of the Company to members of the Company's Management Board (members of the Company's Management Board, members of management bodies of affiliated companies in Germany and abroad and selected executives of MorphoSys AG and affiliated companies in Germany and abroad hereinafter called, collectively, "**subscription right beneficiaries**").

One performance share grants a subscription right to a maximum of two shares of the Company. The Company's shareholders do not have subscription rights. If performance shares are forfeited during the authorization period due to the termination of service or the employment relationship with the Company or an affiliated company, the departure of an affiliated company from the MorphoSys Group or for other reasons, a corresponding number of performance shares may be reissued to the subscription right beneficiaries. The Company may choose to fulfill exercised subscription rights either by using Conditional Capital 2016-II proposed for resolution under the following letter b) or by using treasury shares. The Company also has the right to a cash settlement. The granting of subscription rights for subscribing to shares of the Company and the issuance of subscription shares is subject to the following provisions:

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(1) Subscription right beneficiaries and allocation

The group of subscription right beneficiaries includes the members of the Company's Management Board (Group 1), members of management bodies of affiliated companies in Germany and abroad (Group 2) and selected executives of the Company and those of affiliated companies in Germany and abroad (Group 3).

The total number of subscription rights shall be allocated among the individual groups of subscription right beneficiaries as follows:

- The subscription right beneficiaries of Group 1 together receive no more than 50 % of the performance shares to be issued in total and the resulting subscription rights;
- The subscription right beneficiaries of Group 2 together receive no more than 5 % of the performance shares to be issued in total and the resulting subscription rights; and
- The subscription right beneficiaries of Group 3 together receive no more than 45 % of the performance shares to be issued in total and the resulting subscription rights.

If a subscription right beneficiary belongs to more than one group, the beneficiary will receive performance shares based solely on membership in one group. Group membership is specified by the Company's Management Board unless members of the Company's Management Board are concerned, in which case the Company's Supervisory Board specifies group membership. The subscription right beneficiaries of each group and the number of performance shares to be granted may vary over the term of the Performance Share Plan and are specified by the Company's Management Board unless members of the Company's Management Board are concerned, in which case these are then specified by the Company's Supervisory Board.

(2) Issue periods (acquisition periods)

Performance shares can be issued in tranches within the authorization period for the single or repeated establishment of a program on one or more occasions during the year, whereby the shares will be issued in accordance with legal requirements in each case within three months after the end of the first or third quarter. When performance

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shares are granted to members of the Management Board, the relevant rules (“**terms and conditions of the plan**”) are determined by the Company’s Supervisory Board and, otherwise by the Company’s Management Board.

The issue date shall be the date on which the subscription right beneficiaries receive the offer granting performance shares, irrespective of the date the offer is accepted. The offer can specify a later date as the issue date.

(3) Vesting period

Performance shares can be exercised after the end of the vesting period. The vesting period of a tranche of performance shares begins on the specified issue date and ends with the end of the issue date’s fourth anniversary.

(4) Allocation value

For each subscription right beneficiary, the Company’s Management Board – or the Company’s Supervisory Board where Management Board members are concerned – will determine a target value in euro as the allocation value (“**allocation value**”). The “**initial number of performance shares**” for each subscription right beneficiary for each tranche is equivalent to the allocation value divided by the initial share price for MorphoSys shares determined on the basis of an appropriate reference period in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange at the beginning of the respective issue period, rounded up to the nearest whole number.

The number of performance shares from a tranche allocated to groups of subscription right beneficiaries is determined by the sum of the specified allocation value in euro for each individual subscription right beneficiary of this group divided by the initial share price, rounded up to the nearest whole number.

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(5) Performance targets

The performance targets for the performance shares are based (i) on the absolute market price performance of MorphoSys's shares ("**absolute performance target**") as well as (ii) on the relative market price performance of MorphoSys's shares compared to the performance of the NASDAQ Biotech Index and the TecDAX Index ("**relative performance target**"; the absolute performance target and the relative performance target hereinafter each a "**performance target**" and, collectively, the "**performance targets**"), and are determined in accordance with the provisions below. Each performance target has a weighting of 50 % for the overall target achievement.

Each performance target has a set target as well as a minimum and a maximum target value. The set target defines the value when the performance target is achieved by 100 %. The minimum value defines the lower end of the target range. When achieving or falling below this level, the target achievement is 0 %. The maximum value defines the value that when reached or exceeded amounts to a target achievement level of 200 %.

To determine the level of performance target achievement for each performance target, the vesting period is divided into four identical periods of one year each ("**yearly period**"). From the performance target achievement level derived in this manner for each yearly period of the vesting period, an arithmetic mean is formed that determines the final percentage target achievement for each performance target. Thereafter, these final percentage target achievements for each of both performance targets will be added and divided by two, resulting in the overall target achievement ("**overall target achievement**").

Absolute performance target

For the absolute performance target, within each yearly period, the market price of the MorphoSys shares at the beginning of the yearly period is compared to the market price at the end of the yearly period (for the first yearly period, this is the period between the date after the issue date and until the date of the following year that corresponds to the issue date, and correspondingly for the following three yearly periods). The relevant share price for MorphoSys shares is the average closing auction price in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange 30 trading days prior to the start of the respective yearly period and prior to the end of the respective yearly period, including the last day of the yearly period. If a

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closing auction does not take place on the relevant trading days or a price is not determined in the auction, the applicable price will be the last price quoted in continuous trading, provided there was continuous trading on that trading day.

If in the respective yearly period the share price declines, the achievement of the performance target is 0 % (“**minimum value absolute performance target**”). If MorphoSys’s share price performance is 0 %, the performance target is achieved by 50 %. Subsequent increases in the performance target are linear. A 8 % increase of the share price results in a performance target achievement level of 100 % (“**set target absolute performance target**”); a 16 % increase of the share price results in a performance target achievement level of 150 %; and a 24 % increase of the share price results in a performance target achievement level of 200 % (“**maximum value absolute performance target**”). Any further increase in the MorphoSys share price does not result in a further increase of the performance target.

Relative performance target

For the relative performance target, within each yearly period, the performance of the market price of the MorphoSys shares is compared to the performance of the NASDAQ Biotech Index and the TecDAX Index (collectively, “**benchmark index**”) and the respective values are put into proportion (for the first yearly period, this is the respective performance during the period between the date after the issue date and until the date of the following year that corresponds to the issue date, and correspondingly for the following three yearly periods). Within the benchmark index, the NASDAQ Biotech Index and the TecDAX Index are each weighted 50 % in a way that the percentage performance per index and per yearly period is added and divided by two. The relevant share price for MorphoSys shares is the average closing auction price in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange 30 trading days prior to the start of the respective yearly period and prior to the end of the respective yearly period, including the last day of the yearly period. The relevant price of the NASDAQ Biotech Index is the average closing price of the NASDAQ Biotech Index on the NASDAQ Stock Exchange 30 trading days prior to the start of the respective yearly period and prior to the end of the respective yearly period, including the last day of the yearly period. The relevant price of the TecDAX Index is the average closing price of the TecDAX on the Frankfurt Stock Exchange 30 trading days prior to the start of the respective yearly period and prior to the end of the respective yearly period, including the last day of the yearly period. If a closing auction does not take place on the relevant trading days or a price is not determined in the

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auction, the applicable price will be the last price quoted in continuous trading, provided there was continuous trading on that trading day.

If in the respective yearly period the share price declines compared to the benchmark index, the achievement of the performance target is 0 % (“**minimum value relative performance target**”). If MorphoSys’s share price performance is 0 % compared to the benchmark index, the performance target is achieved by 100 % (“**set target relative performance target**”). Subsequent increases in the performance target are linear. A 8 % increase of the MorphoSys share price compared to the benchmark index results in a performance target achievement level of 150 %; and a 16 % increase of the MorphoSys share price compared to the benchmark index results in a performance target achievement level of 200 % (“**maximum value relative performance target**”). Any further increase in the MorphoSys share price compared to the benchmark index does not result in a further increase of the performance target.

(6) Exercisability of performance shares and scope of the subscription rights

Performance shares can be exercised only when the vesting period has elapsed, and the minimum value for achieving one of the performance targets has been exceeded.

A tranche’s initial number of performance shares is multiplied by the level of overall target achievement and rounded up to the nearest whole number. This calculation yields the “**final number of performance shares**”. The final number of performance shares is limited to 200 % of the initial number of performance shares (quantity cap).

The obligations of performance shares are fulfilled in the form of Company shares, whereby one performance share is entitled to subscribe to one share within the scope of the final number of performance shares.

(7) Exercise periods and maturity

The performance shares can be exercised by the subscription right beneficiaries within six months following the date the Company’s prior financial year’s consolidated financial statements were approved before the expiration of the vesting period and the vesting period has lapsed (“**exercise period**”). The exercise period can be appropriately extended by the Company’s Management Board, or by the Company’s Supervisory Board when members of the Management Board are concerned, to the extent that legal regulations prevent the exercise of the performance shares at the

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expiration of the original exercise period. The performance shares mature after the end of the respective (if applicable, extended) exercise period. Performance shares that are not exercised by the expiration of the respective exercise period expire without compensation.

(8) Exercise price

When exercising performance shares, the exercise price must be paid for each share subscribed. The “**exercise price**” per share is equivalent to the notional interest in the share capital attributable to each no-par value share at the time of exercising the performance shares and, therefore, the lowest issue price permissible under corporate law, which is currently EUR 1.00.

(9) Substitution rights of the Company

The Company can fulfill exercised performance shares by issuing new no-par-value bearer shares from Conditional Capital 2016-II to be created according to letter b) below. The Company is also entitled to deliver treasury shares partially or completely instead of new shares. Moreover, the Company is entitled to partially or completely pay the cash value of the shares to be delivered upon exercise of the performance shares less the exercise price instead of delivering (new or treasury) shares.

The Company’s decision on which alternative to choose in any given case is made by the Company’s Management Board or the Company’s Supervisory Board when members of the Management Board are concerned.

(10) Restrictions in the event of extraordinary developments

In the event of extraordinary developments, the Company’s Supervisory Board is authorized at its discretion to restrict the exercise of performance shares that were granted to members of the Company’s Management Board. A restriction may be necessary specifically to ensure the appropriateness of remuneration as defined under Section 87 para. (1) sentence 1 AktG.

In the event of extraordinary developments, the Company’s Management Board is authorized at its discretion to restrict the exercise of performance shares that were granted to subscription share beneficiaries in Group 2 and Group 3. A restriction may

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be necessary specifically to ensure that the total remuneration of the individual beneficiary is proportionate to the tasks and performance of the subscription right beneficiary and does not exceed the usual remuneration without special reason.

(11) Individual rights

The performance shares are not legally transferable but are inheritable. Performance shares may only be exercised by the authorized person or this person's heirs. If performance shares can no longer be exercised in accordance with the above provision, they will be forfeited without replacement or compensation. The provision authorizing the reissue of forfeited performance shares to beneficiaries remains unaffected.

The terms and conditions of the plan may provide for the forfeiture of performance shares without replacement or compensation when the service or employment relationship of subscription right beneficiaries with the Company or an affiliated company ends. This would also allow for the reissue of forfeited performance shares. Special arrangements, including the pro-rata reduction of exercisable performance shares, may be made in the case of death, retirement, occupational disability or other special cases resulting in departure from the Company, including the departure from the MorphoSys Group of affiliated companies, businesses or operating segments, or in the event of a change of control or to comply with legal requirements.

(12) Anti-dilution protection

The terms and conditions of the plan can contain the customary anti-dilution protection clauses based upon which the economic value of the performance shares in accordance with the regulations in Section 216 para. (3) AktG can be largely protected, particularly by taking into consideration a potential share split, capital increases from reserves by issuing new shares or other measures with comparable effects when determining the number of shares to be issued for each performance share.

(13) Dividend rights

New no-par-value bearer shares have an equal right to dividends as the shares of the same class already issued.

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(14) Authorization to determine additional details

Additional details with respect to granting performance shares and fulfilling the obligations of these shares, the issue of shares from Conditional Capital 2016-II and the further terms and conditions of the plan are determined by the Company's Supervisory Board when members of the Company's Management Board are concerned and otherwise by the Company's Management Board.

Additional regulations include specifically the decision to initiate annual tranches on one or repeated occasions to make use of the authorization to grant performance shares as well as provisions for the execution of the Performance Share Plan and the annual tranches, including the method of allocation and exercise of performance shares, the allocation of performance shares to individual subscription right beneficiaries, the determination of the issue date within the respective issue period and regulations on the ability to exercise in special cases, particularly in the case of the departure of subscription right beneficiaries from service or employment, in the event of death or the departure of an affiliated company, a business or operating segment from the MorphoSys Group, or in case of a change of control, the conclusion of an affiliation agreement or delisting, as well as to meet any legal requirements.

The Company is also authorized to deviate in this respect from the provisions of this resolution in terms of its application to the members of management bodies and executives each of affiliated companies abroad because it is not imperative under corporate law that the content of this resolution falls under the authority of the Annual General Meeting to adopt resolutions or to the extent this resolution exceeds the minimum requirements of corporate law.

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b) Conditional capital

The Company's share capital is increased conditionally by up to EUR 331,720.00 through the issue of up to 331,720 new no-par-value bearer shares (Conditional Capital 2016-II). The conditional capital increase serves solely for the granting of subscription rights to shares (performance shares), granted based on the authorization above, to members of the Management Board of MorphoSys AG, members of management bodies of affiliated companies in Germany and abroad and selected executives of MorphoSys AG and affiliated companies in Germany and abroad. The shares will be issued at the set issue price contained in the authorization above. The conditional capital increase will only be executed to the extent that subscription rights are exercised and the Company does not use treasury shares or cash compensation to fulfill subscription rights. The new shares are entitled to the same dividend rights as shares of the same class already issued. The Company's Management Board, and the Company's Supervisory Board where members of the Management Board are concerned, is authorized to determine the additional details of the conditional capital increase and its execution.

c) Change in the Articles of Association

Section 5 of the Articles of Association will be supplemented with the following new paragraph 6 f:

“(6 f) The Company's share capital is increased conditionally by up to EUR 331,720.00 through the issue of up to 331,720 new no-par-value bearer shares (Conditional Capital 2016-II). Conditional capital serves to meet the obligations of subscription rights that have been issued and exercised based on the authorization resolved by the Annual General Meeting of June 2, 2016 under Agenda Item 8 letter a). The conditional capital increase will be executed only to the extent that holders of subscription rights exercise their right to subscribe to shares of the Company. The shares will be issued at the exercise price set in each case as the issue price in accordance with Agenda Item 8 letter a) subparagraph (8) of the Annual General Meeting resolution dated June 2, 2016; Section 9 para. (1) AktG remains unaffected. The new shares are entitled to a dividend for the financial year for which no Annual General Meeting resolution has yet been made on the appropriation of profits at the time of the shares' issue. The Management Board, and the Supervisory Board where members of the Management Board of the

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Company are concerned, is authorized to determine the additional details of the conditional capital increase and its execution.”

9. Resolution on the creation of Conditional Capital 2016-III and the authorization to grant subscription rights to members of the Management Board of MorphoSys AG, to members of management bodies of affiliated companies in Germany and abroad as well as to selected executives of MorphoSys AG and affiliated companies in Germany and abroad (Stock Option Plan 2016); change in the Articles of Association

To continue to tie executives of MorphoSys AG and its affiliated companies in Germany and abroad to MorphoSys AG using a variable remuneration component with long-term incentives, in addition to the proposed resolution on the Performance Share Plan under Agenda Item 8, there should also be the option to grant subscription rights to shares of MorphoSys AG to members of the Management Board of MorphoSys AG, members of management bodies of affiliated companies in Germany and abroad and to selected executives of MorphoSys AG and affiliated companies in Germany and abroad under a conventional stock option program (“**Stock Option Plan 2016**”).

The structure of the variable compensation component with long-term incentives in the form of a stock option plan proposed for resolution under Agenda Item 9 also distinguishes itself in that the participants are entitled to variable remuneration in shares when they have reached ambitious goals. In contrast to the Performance Share Plan, the shares will be issued at a price equal to the average market price of the Company’s shares prior to granting the subscription rights when the performance target is achieved. The combination of the Performance Share Plan and the Stock Option Plan allows the Company greater flexibility to create an optimal incentive structure for eligible persons. The fact that under the Stock Option Plan the issue price for the new shares exceeds the issue price under the Performance Share Plan is taken into consideration by the Company when determining the ratio of the subscription rights to be allocated under the respective programs.

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

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a) Authorization to issue stock options with subscription rights to shares of MorphoSys AG

With the Supervisory Board's consent, the Management Board is authorized on one or more occasions until and including the date of April 30, 2021 ("**authorization period**") to grant subscription rights ("**stock options**") to up to 497,581 no-par-value bearer shares of the Company to members of management bodies of affiliated companies in Germany and abroad and to selected executives of MorphoSys AG and affiliated companies in Germany and abroad.

The Supervisory Board is authorized on one or more occasions within the authorization period to grant stock options to up to 497,581 no-par-value bearer shares of the Company to members of the Company's Management Board (members of the Company's Management Board, members of management bodies of affiliated companies in Germany and abroad and selected executives of MorphoSys AG and affiliated companies in Germany and abroad hereinafter called, collectively, "**subscription right beneficiaries**").

One stock option grants a subscription right to a maximum of two shares of the Company. The Company's shareholders do not have subscription rights. If stock options are forfeited during the authorization period due to the termination of service or the employment relationship with the Company or an affiliated company, the departure of an affiliated company of the MorphoSys Group or for other reasons, a corresponding number of stock options may be reissued to the subscription right beneficiaries. The Company may choose to fulfill exercised subscription rights either by using Conditional Capital 2016-III proposed for resolution under the following letter b) or by using treasury shares. The Company also has the right to a cash settlement. The granting of subscription rights for subscribing to shares of the Company and the issuance of subscription shares is subject to the following provisions:

(1) Subscription right beneficiaries and allocation

The group of subscription right beneficiaries includes the members of the Company's Management Board (Group 1), members of management bodies of affiliated companies in Germany and abroad (Group 2) and selected executives of the Company and those of affiliated companies in Germany and abroad (Group 3).

The total number of subscription rights shall be allocated among the individual groups of subscription right beneficiaries as follows:

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- The subscription right beneficiaries of Group 1 together receive no more than 50 % of the stock options to be issued in total and the resulting subscription rights;
- The subscription right beneficiaries of Group 2 together receive no more than 5 % of the stock options to be issued in total and the resulting subscription rights; and
- The subscription right beneficiaries of Group 3 together receive no more than 45 % of the stock options to be issued in total and the resulting subscription rights.

If a subscription right beneficiary belongs to more than one group, the beneficiary will receive stock options based solely on membership in one group. Group membership is specified by the Company's Management Board unless members of the Company's Management Board are concerned, in which case the Company's Supervisory Board specifies group membership. The subscription right beneficiaries of each group and the number of stock options to be granted may vary over the term of the Stock Option Plan and are specified by the Company's Management Board unless members of the Company's Management Board are concerned, in which case these are then specified by the Company's Supervisory Board.

(2) Issue periods (acquisition periods)

Stock options can be issued in tranches within the authorization period for the single or repeated establishment of a program on one or more occasions during the year, whereby the options will be issued in accordance with legal requirements in each case within three months after the end of the first or third quarter. When stock options are granted to members of the Company's Management Board, the relevant rules ("**terms and conditions of the plan**") are determined by the Company's Supervisory Board and, otherwise by the Company's Management Board.

The issue date shall be the date on which the subscription right beneficiaries receive the offer granting stock options, irrespective of the date the offer is accepted. The offer can specify a later date as the issue date.

(3) Vesting period

Stock options can be exercised after the end of the vesting period. The vesting period of a tranche of stock options begins on the specified issue date and ends with the end of the issue date's fourth anniversary.

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(4) Allocation value

For each subscription right beneficiary, the Company's Management Board – or the Company's Supervisory Board where Management Board members are concerned – will determine a target value in euro as the allocation value ("**allocation value**"). The "**initial number of stock options**" for each subscription right beneficiary for each tranche is equivalent to the allocation value divided by the initial share price for MorphoSys shares determined on the basis of an appropriate reference period in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange at the beginning of the respective issue period, rounded up to the nearest whole number.

The number of stock options from a tranche allocated to groups of subscription right beneficiaries is determined by the sum of the specified allocation value in euro for each individual subscription right beneficiary of this group divided by the initial share price, rounded up to the nearest whole number.

(5) Performance targets

The performance targets for the stock options are based (i) on the absolute market price performance of MorphoSys's shares ("**absolute performance target**") as well as (ii) on the relative market price performance of MorphoSys's shares compared to the performance of the NASDAQ Biotech Index and the TecDAX Index ("**relative performance target**"; the absolute performance target and the relative performance target hereinafter each a "**performance target**" and, collectively, the "**performance targets**"), and are determined in accordance with the provisions below. Each performance target has a weighting of 50 % for the overall target achievement.

Each performance target has a set target as well as a minimum and a maximum target value. The set target defines the value when the performance target is achieved by 100 %. The minimum value defines the lower end of the target range. When achieving or falling below this level, the target achievement is 0 %. The maximum value defines the value that when reached or exceeded amounts to a target achievement level of 200 %.

To determine the level of performance target achievement for each performance target, the vesting period is divided into four identical periods of one year each ("**yearly**

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period"). From the performance target achievement level derived in this manner for each yearly period of the vesting period, an arithmetic mean is formed that determines the final percentage target achievement for each performance target. Thereafter, these final percentage target achievements for each of both performance targets will be added and divided by two, resulting in the overall target achievement ("**overall target achievement**").

Absolute performance target

For the absolute performance target, within each yearly period, the market price of the MorphoSys shares at the beginning of the yearly period is compared to the market price at the end of the yearly period (for the first yearly period, this is the period between the date after the issue date and until the date of the following year that corresponds to the issue date, and correspondingly for the following three yearly periods). The relevant share price for MorphoSys shares is the average closing auction price in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange 30 trading days prior to the start of the respective yearly period and prior to the end of the respective yearly period, including the last day of the yearly period. If a closing auction does not take place on the relevant trading days or a price is not determined in the auction, the applicable price will be the last price quoted in continuous trading, provided there was continuous trading on that trading day.

If in the respective yearly period the share price declines, the achievement of the performance target is 0 % ("**minimum value absolute performance target**"). If MorphoSys's share price performance is 0 % the performance target is achieved by 50 %. Subsequent increases in the performance target are linear. A 8 % increase of the share price results in a performance target achievement level of 100 % ("**set target absolute performance target**"); a 16 % increase of the share price results in a performance target achievement level of 150 %; and a 24 % increase of the share price results in a performance target achievement level of 200 % ("**maximum value absolute performance target**"). Any further increase of the MorphoSys share price does not result in a further increase in the performance target.

Relative performance target

For the relative performance target, within each yearly period, the performance of the market price of the MorphoSys shares is compared to the performance of the NASDAQ Biotech Index and the TecDAX Index (collectively, "**benchmark index**") and the respective values are put into proportion (for the first yearly period, this is the

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respective performance during the period between the date after the issue date and until the date of the following year that corresponds to the issue date, and correspondingly for the following three yearly periods). Within the benchmark index, the NASDAQ Biotech Index and the TecDAX Index are each weighted 50 % in a way that the percentage performance per index and per yearly period is added and divided by two. The relevant share price for MorphoSys shares is the average closing auction price in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange 30 trading days prior to the start of the respective yearly period and prior to the end of the respective yearly period, including the last day of the yearly period. The relevant price of the NASDAQ Biotech Index is the average closing price of the NASDAQ Biotech Index on the NASDAQ Stock Exchange 30 trading days prior to the start of the respective yearly period and prior to the end of the respective yearly period, including the last day of the yearly period. The relevant price of the TecDAX Index is the average closing price of the TecDAX on the Frankfurt Stock Exchange 30 trading days prior to the start of the respective yearly period and prior to the end of the respective yearly period, including the last day of the yearly period. If a closing auction does not take place on the relevant trading days or a price is not determined in the auction, the applicable price will be the last price quoted in continuous trading, provided there was continuous trading on that trading day.

If in the respective yearly period the share price declines compared to the benchmark index, the achievement of the performance target is 0 % ("**minimum value relative performance target**"). If MorphoSys's share price performance is 0 % compared to the benchmark index, the performance target is achieved by 100 % ("**set target relative performance target**"). Subsequent increases in the performance target are linear. A 8 % increase of the MorphoSys share price compared to the benchmark index results in a performance target achievement level of 150 %; and a 16 % increase of the MorphoSys share price compared to the benchmark index results in a performance target achievement level of 200 % ("**maximum value relative performance target**"). Any further increase in the MorphoSys share price compared to the benchmark index does not result in a further increase of the performance target.

(6) Exercisability of stock options and scope of the subscription rights

Stock options can be exercised only when the vesting period has elapsed, and the minimum value for achieving one of the performance targets has been exceeded.

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A tranche's initial number of stock options is multiplied by the level of overall target achievement and rounded up to the nearest whole number. This calculation yields the "**final number of stock options**". The final number of stock options is limited to 200 % of the initial number of stock options (quantity cap).

The obligations of stock options are fulfilled in the form of Company shares, whereby one stock option is entitled to subscribe to one share within the scope of the final number of stock options.

(7) Exercise periods and maturity

The stock options can be exercised by the subscription right beneficiaries within three years following the date the Company's prior financial year's consolidated financial statements were approved before the expiration of the vesting period and the vesting period has lapsed ("**exercise period**"). The stock options mature after the end of the respective exercise period. Stock options that are not exercised by the expiration of the respective exercise period expire without compensation.

(8) Exercise price

When exercising stock options, the exercise price must be paid for each share subscribed. The "**exercise price**" per share corresponds to the average closing price of MorphoSys's shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange during the last 30 trading days prior to the day on which the stock options were issued. If a closing auction does not take place on the relevant trading days or a price is not determined in the auction, the applicable price will be the last price quoted in continuous trading, provided there was continuous trading on that trading day.

(9) Substitution rights of the Company

The Company can fulfill exercised stock options by issuing new no-par-value bearer shares from Conditional Capital 2016-III to be created according to letter b) below. The Company is also entitled to deliver treasury shares partially or completely instead of new shares. Moreover, the Company is entitled to partially or completely pay the cash value of the shares to be delivered upon exercise of the stock options less the exercise price instead of delivering (new or treasury) shares.

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The Company's decision on which alternative to choose in any given case is made by the Company's Management Board or the Company's Supervisory Board when members of the Management Board are concerned.

(10) Restrictions in the event of extraordinary developments

In the event of extraordinary developments, the Company's Supervisory Board is authorized at its discretion to restrict the exercise of stock options that were granted to members of the Company's Management Board. A restriction may be necessary specifically to ensure the appropriateness of remuneration as defined under Section 87 para. (1) sentence 1 AktG.

In the event of extraordinary developments, the Company's Management Board is authorized at its discretion to restrict the exercise of stock options that were granted to subscription share beneficiaries in Group 2 and Group 3. A restriction may be necessary specifically to ensure that the total remuneration of the individual beneficiary is proportionate to the tasks and performance of the subscription right beneficiary and does not exceed the usual remuneration without special reason.

(11) Individual rights

The stock options are not legally transferable but are inheritable. Stock options may only be exercised by the authorized person or this person's heirs. If stock options can no longer be exercised in accordance with the above provision, they will be forfeited without replacement or compensation. The provision authorizing the reissue of forfeited stock options to beneficiaries remains unaffected.

The terms and conditions of the plan may provide for the forfeiture of stock options without replacement or compensation when the service or employment relationship of subscription right beneficiaries with the Company or an affiliated company ends. This would also allow for the reissue of forfeited stock options. Special arrangements, including the pro-rata reduction of exercisable stock options, may be made in the case of death, retirement, occupational disability or other special cases resulting in departure from the Company, including the departure from the MorphoSys Group of affiliated companies, businesses or operating segments, or in the event of a change of control or to comply with legal requirements.

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(12) Anti-dilution protection

The terms and conditions of the plan can contain the customary anti-dilution protection clauses based upon which the economic value of the stock options in accordance with the regulations in Section 216 para. (3) AktG can be largely protected, particularly by taking into consideration a potential share split, capital increases from reserves by issuing new shares or other measures with comparable effects when determining the number of shares to be issued for each stock option.

(13) Dividend rights

New no-par-value bearer shares have an equal right to dividends as the shares of the same class already issued.

(14) Authorization to determine additional details

Additional details with respect to granting stock options and fulfilling the obligations of these options, the issue of shares from conditional capital and the further terms and conditions of the plan are determined by the Company's Supervisory Board when members of the Company's Management Board are concerned and otherwise by the Company's Management Board.

Additional regulations include specifically the decision to initiate annual tranches on one or repeated occasions to make use of the authorization to grant stock options as well as provisions for the execution of the Stock Option Plan and the annual tranches, including the method of allocation and exercise of stock options, the allocation of stock options to individual subscription right beneficiaries, the determination of the issue date within the respective issue period and regulations on the ability to exercise in special cases, particularly in the case of the departure of subscription right beneficiaries from service or employment, in the event of death or the departure of an affiliated company, a business or operating segment from the MorphoSys Group, or in case of a change of control, the conclusion of an affiliation agreement or delisting, as well as to meet any legal requirements.

The Company is also authorized to deviate in this respect from the provisions of this resolution in terms of its application to the members of management bodies and

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executives each of affiliated companies abroad because it is not imperative under corporate law that the content of this resolution falls under the authority of the Annual General Meeting to adopt resolutions or to the extent this resolution exceeds the minimum requirements of corporate law.

b) Conditional capital

The Company's share capital is increased conditionally by up to EUR 995,162.00 through the issue of up to 995,162 new no-par-value bearer shares (Conditional Capital 2016-III). The conditional capital increase serves solely for the granting of subscription rights to shares (stock options), granted based on the authorization above, to members of the Management Board of MorphoSys AG, members of management bodies of affiliated companies in Germany and abroad and selected executives of MorphoSys AG and affiliated companies in Germany and abroad. The shares will be issued at the set issue price contained in the authorization above. The conditional capital increase will only be executed to the extent that subscription rights are exercised and the Company does not use treasury shares or cash compensation to fulfill subscription rights. The new shares are entitled to the same dividend rights as shares of the same class already issued. The Company's Management Board, and the Supervisory Board where members of the Management Board are concerned, is authorized to determine the additional details of the conditional capital increase and its execution.

c) Change in the Articles of Association

Section 5 of the Articles of Association will be supplemented with the following new paragraph 6 g:

“(6 g) The Company's share capital is increased conditionally by up to EUR 995,162.00 through the issue of up to 995,162 new no-par-value bearer shares (Conditional Capital 2016-III). Conditional capital serves to meet the obligations of subscription rights that have been issued and exercised based on the authorization resolved by the Annual General Meeting of June 2, 2016 under Agenda Item 9 letter a). The conditional capital increase will be executed only to the extent that holders of subscription rights exercise their right to subscribe to shares of the Company. The shares will be issued at the exercise price set in each case as the issue price in accordance with Agenda Item 9 letter a) subparagraph (8) of the Annual General Meeting resolution dated June 2, 2016; Section 9 para. (1) AktG remains

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unaffected. The new shares are entitled to a dividend for the financial year for which no Annual General Meeting resolution has yet been made on the appropriation of profits at the time of the shares' issue. The Management Board, and the Supervisory Board where members of the Management Board are concerned, is authorized to determine the additional details of the conditional capital increase and its execution."

II.

Written report of the Management Board in reference to Agenda Item 7 under section 221 para. (4) sentence 2 in conjunction with section 186 para. (4) sentence 2 of the German Stock Corporation Act (Aktiengesetz [AktG])

The proposed creation of Conditional Capital 2016-I and the authorization to issue convertible bonds or bonds with warrants (collectively "**bonds**") should, in the interest of the Company, allow them to be issued at the most favorable terms and conditions and fully meet the capital market requirements. This ensures that the Company has a sufficient capital base, which is essential for the Company's business development in the cost-intensive field of biotechnology. By issuing bonds, the Company can take advantage of attractive financing opportunities on the market when they arise and issue debt at low interest rates. By granting conversion or warrant rights or stipulating conversion obligations, the Company gives itself the additional option of retaining part of the proceeds from bond issues as equity. The proposed authorization provides that bonds with conversion or warrant rights for shares in MorphoSys AG may be issued with the Supervisory Board's consent in an amount of up to EUR 500 million.

In the area of "hybrid financing instruments", it has become common to have forms of financing that have perpetual maturities. Therefore, the authorization provides the option to issue bonds with perpetual maturities. Furthermore, the authorization gives the Company the necessary flexibility to place the bonds independently or via companies in which it holds direct or indirect majority interests. Bonds can also be issued in currencies other than the euro.

The authorization is valid until and including April 30, 2021. A new Conditional Capital 2016-I shall be created to fulfill the potential obligation under this authorization to issue shares. The details of the bonds are to be set by the Management Board and require the Supervisory Board's approval.

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The authorization to issue bonds granted by the Annual General Meeting on May 19, 2011 ends on April 30, 2016. The previous Conditional Capital 2011-I that was intended for the expiring authorization can, therefore, be canceled, especially because the Company did not issue any related bonds.

The notional interest in the share capital of the new shares to be subscribed per bond may not exceed the principal amount of the respective bond or the issue price of the respective bond if the issue price is below the principal amount.

The conversion or exercise price for one share to be set or to be determined within a range based on future market prices must be equivalent to at least 80 % of the average closing price on the five Xetra trading days prior to the Management Board's decision to issue the bond. If shareholders are granted subscription rights for the bonds and these subscription rights are traded on the Frankfurt Stock Exchange, the relevant average closing price must be set based on the closing prices of MorphoSys AG's shares during the trading period of the subscription rights, except for the last two trading days. Of course, sections 9 para. (1) and 199 para. (2) AktG will remain unaffected.

As a general rule, the Company's shareholders are entitled to subscription rights to newly issued bonds in an amount corresponding to their previous holding in the Company's share capital. The bonds shall be offered by at least one credit institution or company within the definition of section 53 para. (1) sentence 1 or section 53 b para. (1) sentence 1 or para. (7) of the German Banking Act (Kreditwesengesetz [KWG]) subject to the obligation to offer the bonds to shareholders for subscription. This is to facilitate settlement and should not to be regarded as an exclusion of shareholder subscription rights because shareholders are granted indirect subscription rights for the bonds.

The proposed resolution provides authorization to exclude general subscription rights when issuing bonds for certain purposes named in the proposed resolution in accordance with the applicable statutory regulations. In the views of the Management Board and the Supervisory Board, the authorization to exclude shareholder subscription rights is reasonable and fair to the shareholders when weighing the reasons explained below.

Above all, the Management Board and Supervisory Board should be authorized to issue bonds excluding shareholder subscription rights, provided the new shares to be issued based on the conversion or warrant rights do not exceed 10 % of the Company's share capital on the date this authorization takes effect nor on the date of its exercise. This allows the Company to take

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immediate advantage of favorable stock market conditions and lock in the best possible terms and conditions for issuing the bond by setting terms closely aligned to market prices.

This is not possible when subscription rights are granted because the length of the subscription period restricts the ability to react promptly to market conditions. Uncertainty surrounding the exercise of subscription rights may also impair the successful placement of the bonds with third parties. In the case of rights issues, a somewhat substantial safety discount is usually necessary to ensure the issue's attractiveness. Excluding subscription rights also gives the Company an opportunity to broaden its shareholder base, including the addition of international investors.

The legal basis for this exclusion of subscription rights are sections 221 para. (4) sentence 2 and 186 para. (3) sentence 4 AktG. These standards are intended to protect shareholders from an unacceptable dilution of their shareholding. It is possible to ascertain in advance whether such a dilutive effect will occur. The Black/Scholes model or other recognized financial mathematical methods can calculate the hypothetical market price of the bond and, by comparing this figure with the issue price, can determine the potential dilutive effect. Under the authorization, the issue price may not be significantly lower than the theoretical market value that was calculated using recognized financial mathematical methods. Thus, the calculated fair value of a subscription right will effectively be zero, meaning the shareholders are not subject to any appreciable economic disadvantage resulting from the exclusion of subscription rights. This protects shareholders' interests. Shareholders also have the opportunity to maintain their relative stake in the Company's share capital at nearly identical conditions by purchasing shares on the stock exchange. The opportunity to do so adequately addresses the shareholders' financial interests. Thus, it is the same as with a capital increase excluding subscription rights under section 186 para. (3) sentence 4 AktG.

The Management Board and Supervisory Board will keep the discount to the fair value as low as possible when setting prices taking into account the prevailing situation on the capital market and, therefore, make certain that protection against dilution is ensured. In this case, the Management Board will seek professional advice and, if necessary, expert assistance. This can be done by obtaining an expert opinion from an investment bank or auditing firm on the question of the dilutive effect.

In the interest of shareholders, the Management Board and Supervisory Board will strive for the smallest possible dilutive effect by considering the following shares in the authorization's proposed limit of 10 % of the share capital:

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- shares issued under exclusion of subscription rights of shareholders in accordance with or as defined by section 186 para.(3) sentence 4 AktG during the term of this authorization; and
- shares issued or to be issued based on other authorizations to service bonds with conversion or warrant rights to the extent that the bonds will be issued excluding shareholder subscription rights during the term of this authorization as defined by section 186 para. (3) sentence 4 AktG.

The proposed authorization to exclude subscription rights for the sale of fractional shares allows the Company to set a practicable subscription ratio. Otherwise, the settlement of any capital measure undertaken would be made more difficult, particularly for issuing bonds in round amounts. Fractional amounts occur when the subscription ratio and the amount of the issue do not allow all of the new bonds to be evenly distributed to shareholders. The cost of trading subscription rights for fractional amounts outweighs the benefit received by the shareholder. The bonds arising excluding subscription rights resulting from the exclusion of subscription rights for fractional amounts 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 due to the limitation to fractional amounts.

The authorization to exclude subscription rights in favor of holders of conversion or warrant rights serves the purpose of avoiding a reduction in the conversion or exercise price of the conversion or warrant rights already issued or the necessity to make an additional cash payment. Instead, the holders of such rights shall be granted a subscription right to the new bonds to the extent that they would be entitled to ensure their protection against dilution had they exercised their rights. It is a common market practice, to issue bonds with this type of dilution protection.

Conditional Capital 2016-I will be needed to service the conversion and warrant rights attached to the bonds. The amount of Conditional Capital 2016-I does not exceed the maximum statutory limits contained in section 192 para. (3) sentence 1 AktG also in conjunction with the Company's other existing conditional capital.

The conversion or exercise price for a new share will be set by the Management Board with the Supervisory Board's approval taking into account the market conditions at the time of the bond issue and may not be set at less than 80 % of the reference price defined in the authorization (see Agenda Item 7 letter a) above).

III.

**Written report of the Management Board in reference to Agenda Items 8 and 9
(Performance Share Plan 2016 and Stock Option Plan 2016)**

The Company grants a variable remuneration component with long-term incentives to members of the Management Board of MorphoSys AG, members of management bodies of affiliated companies in Germany and abroad and selected executives of MorphoSys AG and affiliated companies in Germany and abroad. This variable remuneration should serve to encourage an entrepreneurial attitude of the respective participants, secure their long-term loyalty to the Company or respective Group companies and ensure competitive and integrated remuneration.

The Company shall be enabled to grant a variable remuneration component based on a Performance Share Plan and a Stock Option Plan in the future in order to continue to align the remuneration structure to sustainable, perennial corporate development, guarantee that the variable remuneration component is transparently and coherently designed and ensure a balanced risk-reward profile for participants. The combination of the Performance Share Plan and the Stock Option Plan gives the Company greater flexibility in creating an optimal incentive structure for eligible persons.

Therefore, under Agenda Item 8 of the Annual General Meeting of MorphoSys AG on June 2, 2016, it is proposed that the Management Board – or alternatively the Supervisory Board if members of the Management Board are concerned – be authorized with the consent of the Supervisory Board on one or several occasions until and including the date of April 30, 2021 to grant subscription rights to up to a total of 331,720 no-par-value bearer shares in the form of performance shares to members of the Company's Management Board, members of management bodies of affiliated companies in Germany and abroad and selected executives of MorphoSys AG and affiliated companies in Germany and abroad. Accordingly, a new Conditional Capital 2016-II shall be created, and a new paragraph 6 f shall be added to Section 5 of the Articles of Association.

Conditional Capital 2016-II amounting to EUR 331,720.00 is equivalent to roughly 1.25 % of the Company's currently existing share capital and gives the Company the ability to issue new shares and transfer these shares to subscription right beneficiaries who exercise the performance shares they have been granted. The new shares will only be issued if, in accordance with the conditions set out in the resolution of the Annual General Meeting, performance shares were issued to subscription right beneficiaries and these beneficiaries exercise their subscription rights after the end of the vesting period and upon the achievement of the performance targets defined in the

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authorization and in accordance with other exercise terms contained in the Performance Share Plan. Due to the planned appropriation of Conditional Capital 2016-II, shareholders will not be entitled to subscription rights to the new shares.

It is proposed under Agenda Item 9 of the Annual General Meeting of MorphoSys AG on June 2, 2016 that the Management Board – or alternatively the Supervisory Board if members of the Management Board are concerned – be authorized with the consent of the Supervisory Board on one or several occasions until and including the date of April 30, 2021 to grant subscription rights to up to a total of 995,162 no-par-value bearer shares in the form of stock options to members of the Company's Management Board, members of management bodies of affiliated companies in Germany and abroad and selected executives of MorphoSys AG and affiliated companies in Germany and abroad. For this purpose, a new Conditional Capital 2016-III shall be created, and a new paragraph 6 g shall be added to Section 5 of the Articles of Association.

Conditional Capital 2016-III amounting to EUR 995,162.00 is equivalent to roughly 3.75 % of the Company's currently existing share capital. Conditional Capital 2016-III gives the Company the ability to issue new shares and transfer these shares to subscription right beneficiaries who exercise the stock options they have been granted. The new shares will only be issued if, in accordance with the conditions set out in the resolution of the Annual General Meeting, stock options are issued to subscription right beneficiaries and these beneficiaries exercise their subscription rights after the expiry of the vesting period and upon the achievement of the performance targets defined in the authorization and in accordance with other exercise terms contained in the Stock Option Plan. Due to the planned appropriation of Conditional Capital 2016-III, shareholders will not be entitled to subscription rights to the new shares.

In comparison to the Company's current long-term incentive plan that principally fulfills the obligations using the Company's own previously repurchased shares or in cash after the expiry of the vesting period, the achievement of performance targets and in accordance with the conditions specified in this respect, the issue of performance shares and stock options that qualify for subscription to the Company's shares have the advantage that the beneficiaries can decide after the shares are issued whether they want to remain a shareholder of the Company or would rather sell their shares on the stock market without the Company first having to repurchase its own shares. This serves to expand the Company's shareholder base and, at the same time, improves the Company's liquidity because there is no outflow of funds from share repurchase programs, but rather the Company actually has an inflow of funds in the amount of the exercise price for the new shares. The Company can invest these available funds in its research and development activities.

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Generally, performance shares and stock options should be issued in annual tranches during the authorization period. The allocation of performance shares and stock options to the individual groups of subscription right beneficiaries should correspond, in principle, to the allocation of the maximum number to be issued under the authorization. However, the Management Board and Supervisory Board still reserve the right to decide annually on the issue of performance shares and stock options and the scope of the individual tranches while taking into account the Company's overall situation as well as the remuneration structure of relevant peer group companies. Fluctuations in the annual volume may occur, for example, when there are changes in the number of participating executives and/or the market price of MorphoSys's shares.

Shares from Conditional Capital 2016-II and Conditional Capital 2016-III are issued at the earliest after the expiration of the vesting period, which is four calendar years after the issue date of the relevant tranche of performance shares or stock options, and the respective exercise notice. Performance shares and stock options are only exercisable if the vesting period has lapsed and the minimum value of one of the performance targets has been exceeded; otherwise, the performance shares and stock options are forfeited without compensation.

The performance targets for the performance shares and stock options are identical and consist of the performance target based (i) on the absolute share price performance of MorphoSys's shares ("**absolute performance target**") as well as (ii) on the relative market price performance of MorphoSys's shares compared to the performance of the NASDAQ Biotech Index and the TecDAX Index ("**relative performance target**"). Each performance target has a weighting of 50 % for the overall target achievement.

Each performance target has a set target as well as a minimum and a maximum target value. The set target is the value when the performance target is achieved by 100 %. The minimum value defines the lower end of the target range. When achieving or falling below this level, the target achievement is 0 %. The maximum value defines the value that when reached or exceeded amounts to a target achievement level of 200 %.

When determining the level of performance target achievement for each performance target, the vesting period is divided into four identical periods of one year each ("**yearly period**"). From the performance target achievement level derived in this manner for each yearly period of the vesting period, an arithmetic mean is formed that determines the final percentage target achievement for each performance target. Thereafter, these final percentage target achievements for each of both performance targets will be added and divided by two, resulting in the overall target achievement ("**overall target achievement**").

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Absolute performance target

For the absolute performance target, within each yearly period, the market price of the MorphoSys share at the beginning of the yearly period is compared to the market price at the end of the yearly period (for the first yearly period, this is the period between the date of the issue date until the date of the following year that corresponds to the issue date, and correspondingly for the following three yearly periods). The relevant share price for MorphoSys shares is the average closing auction price in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange 30 trading days prior to the start of the respective yearly period and prior to the end of the respective yearly period, including the last day of the yearly period. If a closing auction does not take place on the relevant trading days or a price is not determined in the auction, the applicable price will be the last price quoted in continuous trading, provided there was continuous trading on that trading day.

If the share price declines within a yearly period, the achievement of the performance target is 0 %. If MorphoSys's share price performance is 0 %, the performance target is achieved by 50 %. Subsequent increases in the performance target are linear. A 8 % increase of the share price results in a performance target achievement level of 100 %; a 16 % increase of the share price results in a performance target achievement level of 150 %; and a 24 % increase of the share price results in a performance target achievement level of 200 %. Any further increase of the MorphoSys share price does not result in a further increase of the performance target.

Relative performance target

For the relative performance target, within each yearly period, the performance of the market price of the MorphoSys shares is compared to the performance of the NASDAQ Biotech Index and the TecDAX Index (collectively, "**benchmark index**") and the respective values are put into proportion (for the first yearly period, this is the respective performance during the period between the date after the issue date and until the date of the following year that corresponds to the issue date, and correspondingly for the following three yearly periods). Within the benchmark index, the NASDAQ Biotech Index and the TecDAX Index are each weighted 50 % in a way that the percentage performance per index and per yearly period is added and divided by two. The relevant share price for MorphoSys shares is the average closing auction price in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange 30 trading days prior to the start of the respective yearly period and prior to the end of the respective yearly period, including the last day of the yearly period. The relevant price of the NASDAQ Biotech Index is the average closing price of the NASDAQ Biotech Index on the NASDAQ Stock Exchange 30 trading days prior to the start of the respective yearly period and prior to the end of the respective yearly period, including the last day of the yearly period. The relevant price of the TecDAX Index is the average closing price of the

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TecDAX on the Frankfurt Stock Exchange 30 trading days prior to the start of the respective yearly period and prior to the end of the respective yearly period, including the last day of the yearly period. If a closing auction does not take place on the relevant trading days or a price is not determined in the auction, the applicable price will be the last price quoted in continuous trading, provided there was continuous trading on that trading day.

If in the respective yearly period the share price declines compared to the benchmark index, the achievement of the performance target is 0 %. If MorphoSys's share price performance is 0 % compared to the benchmark index, the performance target is achieved by 100 %. Subsequent increases in the performance target are linear. A 8 % increase of the MorphoSys share price compared to the benchmark index results in a performance target achievement level of 150 %; and a 16 % increase of the MorphoSys share price compared to the benchmark index results in a performance target achievement level of 200 %. Any further increase in the MorphoSys share price compared to the benchmark index does not result in a further increase of the performance target.

The authorization provides for the right of the Supervisory Board or the Management Board to restrict the exercise of performance shares and stock options at its discretion in the event of extraordinary developments.

As a rule, vested performance shares may be exercised by the subscription right beneficiaries within an exercise period of six months. For exercisable stock options, the exercise period is three years. The exercise period begins following the date the Company's prior financial year's consolidated financial statements were approved before the expiration of the vesting period of the respective tranche and the lapse of the vesting period.

The exercise price to be paid to the Company following the subscription right beneficiaries' exercise of performance shares for the purchase of one Company share equals the statutory minimum issue price (section 9 para. (1) AktG), which is currently EUR 1.00. The exercise price of the stock options for the purchase of one Company share corresponds to the average closing price of MorphoSys's shares in Xetra trading (or a comparable successor system) on the Frankfurt Stock Exchange during the last 30 trading days prior to the day on which the stock options were issued. If a closing auction does not take place on the relevant trading days or a price is not determined in the auction, the applicable price will be the last price quoted in continuous trading, provided there was continuous trading on that trading day.

Performance shares and stock options have a different risk-reward profile specifically because of their different exercise prices. In the case of performance shares, the value of the respective share

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takes the place of cash compensation. This does not initially result in any particular economic advantage for subscription right beneficiaries in comparison to a conventional stock option plan because from the time the subscription rights are granted it is already assumed that the participants will receive the full value of the shares (net of the respective lowest issue price of currently EUR 1.00) and not only the difference between the relevant market price at the time of granting the subscription rights and the market price upon the shares' issue, as would be the case with stock options. Accordingly, fewer subscription rights are issued under the Performance Share Plan than under the Stock Option Plan. This is also reflected in the scope of the conditional capitals to be created for the Performance Share Plan and the Stock Option Plan. The ratio is 1:3. The combination of the two programs allows the Company greater leeway to create an optimal incentive structure for eligible persons and also gives it the necessary flexibility to adequately respond to market conditions.

The Management Board and Supervisory Board shall be authorized to determine the additional conditions governing the granting and fulfillment of performance shares and stock options, for the issuance of shares from the respective conditional capital and other terms of the plan, including the treatment of performance shares and stock options when a subscription right beneficiary has severed his or her service or employment with the Company or its affiliates based on termination or a severance agreement upon the expiry of the vesting period.

The Performance Share Plan and Stock Option Plan should serve to align the interests of subscription right beneficiaries to the sustainable development of the MorphoSys Group by means of a long-term variable remuneration component based on a multi-year assessment. The Management Board and Supervisory Board are confident that the proposed authorization to issue performance shares and stock options to the subscription right beneficiaries is particularly suitable for creating a lasting incentive for subscription right beneficiaries and, therefore, contributes to a sustained increase in the Company's value in the interest of both the Company and its shareholders.

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 26,537,682 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 465,107 shares. These shares do not convey any rights to the Company. The total number of shares bearing

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participation and voting rights at the time of notification of the Annual General Meeting amounted to 26,072,575 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 by

May 26, 2016

(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 126 b 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, that is

May 12, 2016.

0:00 hours (midnight) CEST (record date).

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

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

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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 will be 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 by

June 1, 2016

(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

Convenience translation only.

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 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 126 b 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. However, the entities or persons to be appointed as proxies in these cases may 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.

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

June 1, 2016

(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)89 889 690 655

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 30 a 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 following the registration process described above. This ticket is sent to shareholders following their registration made in due form and time that includes the confirmation of the proof of

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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

June 1, 2016

(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)89 889 690 655
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 1,326,884 shares) or the total nominal amount of EUR 500,000.00 (corresponding to 500,000 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, that is, by the close of

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May 2, 2016

(24:00 hours (midnight) CEST)

at the following mailing address:

MorphoSys AG
The Management Board
Lena-Christ-Str. 48
82152 Martinsried/Planegg
Germany

Applicants shall provide evidence of their ownership of a sufficient number of shares for the legally required minimum period of ownership of three months (sections 122 para. (2), 122 para. (1) sentence 3 (in the version valid for the Annual General Meeting of MorphoSys AG on June 2, 2016), 142 para. (2) sentence 2 and section 70 AktG) and that they will continue to hold these shares until a decision on their request has been made.

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.

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X.

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 (if on the agenda) and auditors. All counter motions shall be accompanied by an explanation. Counter motions, 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

Counter motions 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 counter motions and election proposals.

Counter motions 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 18, 2016

(24:00 hours (midnight) CEST)

will be made available to other shareholders immediately upon receipt on the internet at www.morphosys.com/agm together with the name of the shareholder and the reasons for the counter motion 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 (if on the agenda) and auditors. In addition to the reasons specified in section 126 para. (2) AktG, the Management Board is not required to publish an

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election proposal that does not contain the name, profession and domicile of the candidate, among others. Proposals concerning the election of Supervisory Board members (if on the agenda) 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.

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 to 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 Chairman of the Annual General Meeting may restrict the length of time a shareholder has the right to speak and to ask questions as appropriate.

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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 124 a 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.

Martinsried/Planegg, April 2016

MorphoSys AG

The Management Board