Invitation to the Annual Shareholders’ Meeting 2011

We hereby invite the shareholders of our Company to the Annual Shareholders' Meeting which is taking place on Thursday, May 19, 2011 at 10.00 a.m., in the Conference Centre Munich, Hanns-Seidel-Stiftung, Lazarettstraße 33, 80636 Munich.

I.

Agenda

1. Presentation of the confirmed annual financial statements as of December 31, 2010, the management report together with the consolidated financial statements, the consolidated management report and the report of the Supervisory Board for the business year 2010 and the statement of the Board of Management to the items pursuant to §§ 289 para. 4, 315 para. 4 HGB

The above mentioned documents are available in the business office of MorphoSys AG in 82152 Martinsried/Planegg, Lena-Christ-Straße 48, and may also be downloaded in the internet under www.morphosys.com/agm. If so requested, they can also be sent to the shareholders.

2. Formal approval on behalf of the Board of Management

The board of management and the supervisory board recommend formally approving the activities of the board of management in the business year 2010.

3. Formal approval on behalf of the Supervisory Board

The board of management and the supervisory board recommend formally approving the activities of the supervisory board in the business year 2010.
4. **Appointment of the auditors for the business year 2011**

In accordance with the recommendation of the audit committee, the supervisory board proposes to appoint PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, Munich, as auditors of the Company and the MorphoSys group for the business year 2011 and of the interim statement as to June 30, 2011.

5. **New Election to the Supervisory Board**

Pursuant to § 96 para. 1 AktG and § 8 para. 1 of the Articles, the supervisory board comprises only members elected by the shareholders. The shareholders are not bound to election proposals. According to the resolutions of the ordinary shareholders’ meetings 2006 and 2007, the term of office of the supervisory board members Professor Dr. Jürgen Drews and Dr. Walter A. Blättler end on the date of today’s shareholders’ meeting. Therefore, the supervisory board recommends re-electing the board members Professor Dr. Drews and Dr. Blättler according to the following terms by virtue of an individual vote:

a) Professor Dr. Jürgen Drews, physician, currently business consultant life science, Feldafing, Germany, shall be elected as supervisory board member. His appointment shall be valid until the end of the ordinary shareholders’ meeting 2012;

b) Dr. Walter A. Blättler, chemist, Brookline, Massachusetts, USA, currently director preclinical development at Alfama Inc., Massachusetts, USA, shall be elected as supervisory board member. His appointment shall be valid for the time until the end of the shareholders’ meeting which resolves on the formal approval on behalf of the supervisory board regarding the second business year after the beginning of his term of office (ordinary shareholders’ meeting 2014); in this regard, the business year 2011 shall not be counted.

c) Professor Dr. Drews and Dr. Blättler are members of the supervisory boards in the following other companies respectively members in the following boards which are similar to a supervisory board of a German stock corporation:

- Professor Dr. Drews: Agennix AG, Deutschland, and Human Genome Sciences, Inc., USA;
- Dr. Blättler: none.
6. Resolution on the Approval of the Remuneration Scheme of Members of the Board of Management

According to the resolution of the shareholders’ meeting from May 21, 2010, the compensation scheme of the members of the Company’s board of management valid at this time was approved. In accordance with the Act on the Appropriateness of the Remuneration of the board of management as of July 31, 2009 (VorstAG), the supervisory board has further reviewed and amended the compensation scheme after the ordinary shareholders’ meeting 2010. Such amended compensation scheme is explained in detail in the Remuneration Report which is published in the Management Report 2010 as part of the Corporate Governance Report.

The board of management and the supervisory board propose to approve the „remuneration scheme of the board of management“ of MorphoSys AG as described in the Remuneration Report (included in the Management Report 2010).

7. Resolution on the Authorization to purchase and use Treasury Stock and on the Exclusion of Subscription Rights

The board of management and the supervisory board propose to pass the following resolution:

a) The Company is authorized to repurchase treasury stock up to a total of 10 % of the share capital at the time of this resolution or – if such amount is lower – of the share capital at the time of the exercise of this authorization until April 30, 2016. The repurchased shares together with other treasury stock owned by the Company or allocable to it pursuant to §§ 71 d and e AktG may not at any time make up more than 10 % of the share capital. The authorization may not be used for the purpose of trading in treasury stock.

The authorization may be exercised in whole or in part, once or several times, in pursuit of one or several purposes by the Company or by third parties for the account of the Company.

The authorization shall become valid on May 20, 2011. The authorization of the acquisition and use of own shares which has not been used so far and which was resolved in the shareholders’ meeting of MorphoSys AG on May 21, 2010, shall terminate at the beginning of the legal validity of this new authorization.
b) At the discretion of the board of management, the buy-back may be effected on the
stock-market or by means of a public offer or a public invitation to tender.

- If the shares are repurchased on the stock-market, the countervalue per share paid
by the Company (excluding incidental costs) may not be more than 10 % higher or
20 % lower than the price determined on the day of trading by the opening auction in
the Xetra trading system (or a comparable successor system).

- If the shares are repurchased by means of a public offer or invitation to tender, the
purchase price or the limits of the price range per share (excluding incidental costs)
may not be more than 10 % higher or 20 % lower than the average closing price in
the Xetra trading system (or a comparable successor system) on the three trading
days before the date of the public announcement of the offer or invitation to tender.
If, after announcement of a public offer or invitation to tender, the relevant price is
subject to substantial changes, the offer or invitation may be amended. In this case
the price is based on the average price over the three days of trading before the
public announcement of an amendment. The public offer or invitation to tender may
specify further conditions. If the offer is oversubscribed or, in the case of an
invitation to tender, not all of several equal offers can be accepted, they must be
accepted on a pro rata basis. Priority may be given to small lots of up to 100 shares
per shareholder.

c) The Company is authorized to use shares acquired on the basis of this or an earlier
authorization for all legally permissible purposes, including in particular the following
purposes:

aa) The shares may be redeemed without such redemption or its execution requiring
any further resolution of the shareholders. They may also be redeemed by
simplified procedure without capital reduction by adjusting the calculated
proportional amount of the remaining shares in the Company's share capital. The
redemption may be restricted to a portion of the shares purchased. The
authorization to redeem shares may be used several times. If the redemption is
effected by simplified procedure, the board of management is authorized to adjust
the number of no-par-value shares in the Articles of Association.

bb) The shares may also be sold by means other than on the stock market or by offer
to shareholders if the shares are sold for cash at a price which is not significantly
lower than the stock market price of same-category Company shares at the time of the sale.

c) The shares may be sold for contribution in kind, including in particular in connection with the acquisition of companies, company units or company investments as well as company mergers.

d) The shares may also be used to fulfil conversion rights with regard to convertible bonds issued by the Company or the Company's affiliates.

e) The shares may be issued to employees of the Company and affiliated companies as well as members of the board of management and to fulfil rights or obligations to acquire Company shares granted to employees of the Company and affiliated companies as well as members of the board of management. The shares may be used to meet obligations or rights to acquire MorphoSys-shares which are to be agreed with the employees respectively the members of the board of management within the framework of rules governing the relevant compensation scheme. In particular, they may be offered for acquisition, or awarded and/or transferred subject to a vesting period which shall regularly amount to 4 years. The details of the award of the shares shall be determined by the board of management with the approval of the supervisory board, respectively by the supervisory board if members of the board of management benefit from the award of shares. This includes rules concerning the non-forfeiture of stock awards as well as rules concerning the treatment of stock awards in special cases, such as in the case of retirement, disability or death, where, for example, a cash settlement at the date of termination may be provided. The rules for the stock award shall also provide reasonable performance targets.

d) The authorizations under para. c) also include the use of the Company's shares purchased pursuant to § 71 d sen. 5 AktG.

e) The authorizations under para. c) may be used once or several times, in whole or in part, individually or jointly, whereas the authorizations under para. c) bb) to ee) may also be used by controlled businesses or businesses majority-owned by the Company or by third parties acting for their account or for the account of the Company.

f) The shareholders' subscription rights in respect of this treasury stock are excluded to the extent that the shares are used in accordance with the above authorizations under
para. c) bb) to ee). The aggregate volume of shares used under the authorizations pursuant to the preceding para. c) bb) to ee) must not exceed 10 % of the capital stock existing at the time such shares are used. The limit shall include shares issued or disposed of by direct or mutatis mutandis application of § 186 para. 3 sen. 4 AktG during the effective period of the authorization until that point in time. The limit also includes shares that were or have to be issued to meet the obligations under convertible bonds or warrant bonds, provided that such bonds were issued during the effective period of this authorization up to this point in time by mutatis mutandis application of § 186 para. 3 sen. 4 AktG.

g) The supervisory board may determine that measures of the board of management under this shareholders’ resolution are subject to its approval.

8. Creation of a new Conditional Capital 2011-I, authorization on behalf of the Board of Management to issue option and/or convertible bonds, exclusion of Subscription Rights; amendment of the Articles

By virtue of the resolution of the ordinary shareholders’ meeting 2006, a Conditional Capital 2006-I in the amount of EUR 5,488,686.00 has been created in § 5 para. 6 b of the Articles. The corresponding authorization to issue convertible bonds with conversion or option rights to shares of the Company terminated on April 30, 2011. In order to preserve the legally provided possibilities to raise capital on behalf of the Company also for the future, a new Conditional Capital 2011-I shall be created. So far, the Company has neither issued any bonds from the Conditional Capital 2006-I nor has it used its corresponding authorization.

Therefore, the board of management and the supervisory board propose to pass the following resolution:

a) The board of management shall be authorized to issue bonds with a total nominal value of up to EUR 400 Mio. attached with conversion or option rights to up to 6,600,000 new bearer shares of the Company giving a pro rata share in its share capital of up to EUR 6,600,000.00 (in the following "bonds"). The bonds have to be issued against cash. The authorization shall also allow to assume a guarantee for bonds issued by affiliates and to grant shares for the fulfilment of the conversion or option rights which are connected with these bonds. The authorization shall be valid until April 30, 2016. The bonds may be issued on one or several occasions, in one total amount or in parts only. Each partial bond shall be equally ranking and shall provide equal rights and obligations. The lifetime of the convertible bonds may not exceed 15 years. In case of the issuance
of convertible bonds to individual bearers, the owners of the convertible bonds are entitled to exchange their partial convertible bonds to new shares of the Company in accordance with the applicable conversion conditions. The exchange ratio shall correspond to the division of the nominal value of a partial convertible bond through the fixed conversion price for one new share of the Company. §§ 9 para. 1, 199 para. 2 AktG shall remain unmodified. It may be provided that the exchange ratio and/or the conversion price shall be variable as to be determined in the conversion conditions and that the conversion price shall be fixed within a range which shall be defined in relation to the development of the stock exchange price during the lifetime of the convertible bond. The exchange ratio may be rounded to full figures; furthermore, an additional cash payment may be assessed. Fractional amounts may be consolidated and/or compensated in cash.

The pro rata amount of the share capital which has to be allocated to the shares granted per each convertible bond may not exceed the nominal value of the partial bond. The exchange / option price may not be less than 80 % of the market price of a share of MorphoSys AG as assessed in the XETRA-auction (or in a comparable system replacing such auction) on the stock exchange in Frankfurt. In this regard, the average closing price on the 5 (five) trading days preceding the final decision of the board of management to make an offer for the subscription of bonds or to declare the acceptance following a public invitation to submit offers for subscription shall be decisive. With respect to the trading of the pre-emptive rights, the closing price on the trading days of the pre-emptive rights with the exception of the last two trading days of such rights shall be decisive. In case the bond is combined with an obligation to convert or with a right by the issuer to demand the delivery of shares, the exchange/option price may correspond to the above mentioned minimum price (80 %) or to the average market price of a MorphoSys-share on the 10 (ten) trading days assessed in the final XETRA-auction (or in a comparable system replacing such auction) on the stock exchange in Frankfurt before or after the day of the final due date of the bond even if such average market price is below the above mentioned minimum price (80 %). §§ 9 para. 1, 199 para. 2 AktG shall not be affected hereby.

With the approval of the supervisory board, the board of management shall be authorized to define the further conditions for the issuance of the bonds. The conditions may also provide rules for the following issues:
- whether own shares of MorphoSys AG, a cash payment or other quoted shares shall be offered in place of the fulfilment of the obligations resulting from the Conditional Capital,
- whether the conversion or option price or the exchange ratio shall be assessed at the time of the issuance of the bonds or by the future stock exchange price within a range as to be defined,
- the range within the total exchange ratio may be rounded,
- whether additional cash payments or a cash compensation shall be assessed in the event of uneven figures,
- whether a time period shall be defined within the conversion or option rights may or have to be exercised,
- the currency in which the bonds shall be issued,
- whether the conversion or option rights may be or have to be exercised by their owners.

The bonds shall regularly be offered to the shareholders for subscription; in this context, the bonds may also be issued to banks which have to assume the obligation to offer them to the shareholders for subscription. However with the approval of the supervisory board, the board of management may exclude the pre-emptive rights in the following cases:

- when the issuance price of a bond is not less than the theoretic market value which has been assessed in accordance with accepted financial mathematic methods. In this regard, the amount of the shares to be issued by virtue of the bonds in accordance with this authorization pursuant to § 186 para. 3 sen. 4 AktG (exclusion of pre-emptive rights for cash consideration) together with other shares, which are issued in accordance with the aforementioned legal provision during the lifetime of this authorization, may not exceed 10% of the share capital existing at the time of the resolution on this authorization;
- to the extent the exclusion is necessary to avoid fractional shares which may result by virtue of the subscription rights,
- for the purpose to grant to the owners of conversion or option rights subscription rights to an extent they would have after the exercise of these rights and as compensation for the dilution of the economic value of these rights.

In the event that during the lifetime of a bond the economic value of conversion or option rights is diluted and no subscription rights as compensation are offered, these rights shall be adjusted – irrespective of §§ 9 para. 1, 199 para. 2 AktG – in accordance with
the conditions relevant for the issuance of the bonds and in compliance with the relevant
dilution conditions applicable for trading on Eurex Germany, unless such adjustment is
mandatory required by law.

b) For the purpose to fulfil the conversion and option rights which are issued in context with
the aforementioned authorization pursuant to the preceding para. a, the Company's
share capital shall be conditionally increased in accordance with the preceding para. a
by up to EUR 6,600,000.00 and by issuing up to 6,600,000 bearer shares with no-par
value. The conditional capital shall serve the purpose to grant option respectively
exchange rights in accordance with the applicable option or conversion conditions to
owners of convertible bonds issued in accordance with the aforementioned authorization
until April 30, 2016. The new shares shall be issued at the exchange/option price as
defined in the preceding para. a. The conditional capital increase shall only be
accomplished to the extent as owners of convertible bonds make use of their exchange
rights or fulfil their duty to exchange as owners of the convertible bonds and to the
extent treasury stock is not available for the fulfilment of the exchange rights.

c) § 5 para. 6 b of the Articles shall be amended as follows:

"The Company’s share capital shall be conditionally increased by an amount of up to
EUR 6,600,000.00, divided in up to 6,600,000 bearer shares (Conditional Capital
2011-I). The conditional capital increase shall only be accomplished (i) to the extent
owners of option and/or convertible bonds make use of their option and/or conversion
rights issued by the Company until April 30, 2016 in accordance with the resolution of
the shareholders meeting from May 19, 2011 or (ii) to the extent owners fulfil their
duties to convert. The same shall apply to owners of option and/or convertible bonds
issued by domestic or foreign affiliates, which are totally owned by the Company. The
new shares shall participate in the Company’s earnings from the beginning of the
business year during which they are created by the exercise of conversion rights or by
the fulfilment of conversion obligations."

d) The existing Conditional Capital 2006-I pursuant to sec. 5 para. 6 b of the Articles and
the relevant authorization to issue convertible bonds shall be deleted. The board of
management is instructed to file the resolution on the deletion of the existing Conditional
Capital 2006-I pursuant to sec. 5 para. 6 b of the Articles to be registered into the
Commercial Register in such a way that the deletion is simultaneously registered with
the registration of the new Conditional Capital 2011-I as to be resolved according to
para. b of this topic.
9. Compensation of the Supervisory Board by Secondary Payments of the Company, Amendment of the Articles

The board of management and the supervisory board propose to add the following paras. 4 a) and b) to § 15 of the Articles (Remuneration of the supervisory board):

“a) *The members of the supervisory board shall be insured on the basis of a D&O insurance (if any) which has been concluded on behalf of directors and officers of MorphoSys group by the Company. The charges for such insurance shall be paid by the Company.*

b) *To the extent members of the supervisory board attend professional education programs as provided by the German Corporate Governance Code (sec. 5.4.1), they shall be reimbursed by the Company with the costs incurred thereby.*”

II.

Reports of the Board of Management to Topic 7 pursuant to § 71 para. 1 no. 8 AktG in Conjunction with § 186 para. 3 and 4 AktG and to Topic 8 pursuant to §§ 221 para. 4, 186 para. 4 AktG

1. Report of the Board of Management to Topic 7

By virtue of the resolution proposed in this topic of the ordinary shareholders’ meeting, the Company shall be allowed to acquire treasury stock. The authorization is to be granted for the maximum duration of five years.

**Purchase by virtue of an offer**

In addition to purchasing on the stock-market, the Company should also have the option of buying back treasury stock by means of a public offer to its shareholders or a public invitation to tender. The principle of equal treatment under stock corporation law must be observed. In the event of a public invitation to tender, the recipients of the invitation can decide how many shares - and when a price range is determined - at what price they would like to offer these to the Company. If an offer is over-subscribed or, in the event of a public invitation to tender, not all of several equal tenders can be accepted, tenders must be accepted on a pro rata basis. However, priority may be given to small tenders or small parts of tenders up to a maximum of 100 shares. The purpose of this is to avoid fractional amounts in determining the quotas to be repurchased and small residual amounts and thus to simplify the technical
procedure. The offer price or the limits of the price range offered per share (without transaction costs) may not be more than 10% higher or 20% lower than the average closing price in the Xetra trading system (or a comparable successor system) over the three days of trading before the date of the public announcement of the offer or invitation to tender. If, after announcement of an offer or invitation to tender, the relevant price is subject to significant changes, the average price on the three days of trading before the public announcement of a possible adjustment can be taken as a basis instead. The offer or invitation to tender may specify further conditions.

Use of treasury shares

The treasury shares repurchased on the basis of this or earlier authorizations may be used for all legally permissible purposes, including in particular the following:

The proposed resolution contains an authorization to sell the repurchased stock outside the stock exchange for cash excluding subscription rights. This is subject to the condition that the shares are sold at a price not significantly below the stock market price of same-category Company shares at the time of the sale. This authorization makes use of the option to simplify cancellation of subscription rights permitted pursuant to § 71 para. 1 no. 8 AktG in conjunction with § 186 para. 3 sen. 4 AktG. To protect shareholders against share dilution, the shares may only be sold at a price not significantly lower than the prevailing stock market price. The final purchase price for treasury stock will be determined shortly before the sale. The board of management will ensure that any markdown on the stock market price according to the market conditions prevailing at the time of placement is as low as possible. The markdown on the stock market price at the time of using the authorization may not exceed 5% of the current stock market price. The authorization is subject to the condition that the shares sold without pre-emptive rights pursuant to § 186 para. 3 sen. 4 AktG may not exceed altogether 10% of the share capital, either at the time this authorization becomes effective or at the time it is exercised. The shareholders are in principle able to maintain their shareholding by purchasing MorphoSys-shares on the stock market. The authorization is in the interests of the Company as it enables greater flexibility; in particular, it allows the Company to issue shares to co-operation partners on a targeted basis. The sale of treasury stock may also be made in return for contributions in kind to the exclusion of the shareholders' pre-emptive rights. This allows the Company to offer treasury stock directly or indirectly as compensation in context with company mergers or in connection with the acquisition of companies, company units or investments in companies. International competition and the globalization of the economy often demand compensation in the form of shares in transactions of this kind. The authorization proposed here provides the Company with the requisite freedom to make use of opportunities which arise to acquire
companies, company units or investments in companies quickly and flexibly on both national and international markets. The proposed exclusion of subscription rights takes account of this. In determining the valuation ratios, the board of management will ensure that the interests of shareholders are appropriately safeguarded. In assessing the value of the shares granted as counter value, the board of management will be guided by the stock market price of MorphoSys-shares. It is not planned to establish a schematic link with one particular stock market price, in particular in order to ensure that negotiating results already achieved cannot be jeopardized by fluctuations in the stock market price.

Under this authorization, the treasury stock may also be used to discharge conversion rights of holders of convertible bonds issued by the Company or its subsidiaries to the exclusion of shareholders’ subscription rights. Instead of new shares from a capital increase, it may be reasonable to use treasury stock to discharge conversion rights in whole or in part.

Treasury stock may also be offered for purchase to employees of the Company and affiliated companies (employees’ shares), insofar as the individual subsidiaries in Germany and abroad participate in the MorphoSys employees’ share programs. In addition, treasury stock may also be transferred to executives of the Company and the MorphoSys Group. The issue of treasury stock to executives, generally subject to an appropriate holding period of several years, and employees is in the interests of the Company and its shareholders as it promotes the identification of executives and employees with their company and thereby increases the value of the Company. The regular vesting period for new stock awards shall correspond to 4 years. Since disposal of such shares is not permitted before the end of the vesting period, the executive/employee will participate in the positive as well as negative changes in stock performance during the vesting period. As a consequence, the executive/employee may, in addition to the bonus effect, also experience a malus effect. By using such shares, both the objectives of the German Act on the Appropriateness of Managing Board Remuneration (“VorstAG”) and the requirements of the German Corporate Governance Code shall be taken into account. The use of existing treasury stock, rather than a capital increase or cash payment, as a share-price-related and value-based compensation component may also be economically reasonable for the Company. In such case, shareholders’ subscription rights must be excluded. When calculating the purchase price to be charged to executives and employees, an appropriate and legally admissible discount may be granted as it is usual for employees’ share programs, based on company performance. Insofar as the issue of treasury stock to executives requires the approval of the supervisory board of the company involved, treasury stock shall only be offered for purchase with the prior approval of the supervisory board.
Next to being able to use treasury stock as means of payment to employees of MorphoSys AG, it should also be possible for the supervisory board to offer share-based compensation using treasury stock to members of the board of management of MorphoSys AG. Any decision shall be made exclusively by the supervisory board of MorphoSys AG as the body responsible for setting board of management compensation. The preceding provisions for employees shall apply accordingly.

The aforesaid options are not restricted to shares purchased under this or an earlier authorization. Rather, this authorization also includes shares purchased pursuant to § 71 d sen. 5 AktG. It is advantageous and creates further flexibility if these shares can be used in the same way as the shares purchased under this authorization resolution.

The treasury stock repurchased under this or an earlier authorization resolution may be redeemed by the Company without any further resolution of the general shareholders' meeting. In accordance with § 237 para. 3 no. 3 AktG, the general shareholders' meeting may resolve to redeem its fully paid-up no-par-value shares without having to reduce the Company's share capital. This alternative is expressly included in the proposed authorization alongside the redemption in conjunction with capital reduction. When shares are redeemed without capital reduction, the calculated share of the remaining no-par-value shares in the Company's share capital is automatically increased. In this case, the supervisory board is therefore also to be authorized to make the then necessary amendment to the Articles of Association with regard to the changed number of no-par-value shares following the redemption.

According to its best judgment, the supervisory board may determine that measures of the board of management under the shareholders' authorization pursuant to § 71 para. 1 no. 8 AktG are subject to its approval.

The board of management will inform the next General Shareholders' Meeting about the exercise of the authorization and of the treatment of the shares acquired by virtue of this authorization.

2. Report of the board of management to Topic 8
The proposed new creation of the Conditional Capital 2011-I and the new authorization to issue option and/or convertible bonds shall enable the Company to issue bonds at the best possible market conditions and shall especially comply with the requirements of the capital markets. This capital measure shall guarantee an adequate equity funding which is an essential basis for the Company's growth in the cost intensive area of biotechnology. By the issuance of option and/or convertible bonds (in the following "bonds"), the Company is able to make use of attractive funding opportunities for the assumption of debt at a reasonable interest rate which reflects the market situation. The proposed authorization provides that bonds in the amount of up to EUR 400 Mio. attached with conversion and/or option rights for the subscription of shares of MorphoSys AG may be issued. The authorization is valid until April 30, 2016. In order to fulfill the obligation to issue shares by virtue of this authorization, a new Conditional Capital 2011-I shall be created. The authorization to issue bonds, which has been resolved by the ordinary shareholders' meeting on May 17, 2006, shall be abandoned. Therefore, the existing Conditional Capital 2006-I shall be deleted without having the Company issued any bonds from such conditional capital. The details of the conditions for the issuance of the bonds shall be defined by the board of management with the consent of the supervisory board. The bonds may be placed in the market by making an offer for subscription or by a public demand to submit offers for subscription. The pro rata share capital value of a share which can be subscribed per each partial bond may not exceed the nominal value of the partial bond. The conversion or option price or the exchange ratio for one share, which may be exactly assessed at the time of the issuance or within a range by virtue of a future stock exchange price, must correspond to at least 80 % of the average closing price on 5 XETRA trading days preceding the decision of the board of management on the issuance or acceptance of an offer. If the bonds are combined with a conversion obligation or a right of the issuer to demand the conversion, the conversion or option price may also be lower than the minimum price of 80 % and may correspond to the average closing price on 10 XETRA-trading days, one day before or after the final due date of the bond. The owner of the bonds shall also have the possibility to accept own shares of MorphoSys AG, a cash consideration or the transfer of quoted shares in place of the shares to be issued from the conditional capital in order to fulfill the bond obligations. In general, the shareholders shall have a pre-emptive right to the bonds. However, in single cases the board of management may exclude the pre-emptive rights when so approved by the supervisory board. In this context, the exclusion of the pre-emptive rights shall be allowed when the issuance price of a convertible bond is not substantially lower than its market value and the scope of the issuance does not exceed 10 % of the Company’s share capital (see § 186 para. 3 sen. 4 AktG). This exclusion is reasonable in order to place a bond in a quick and flexible manner under good market conditions. In recent times, the capital markets have become
substantially more volatile. This means that it is necessary to be able to flexibly react to the market conditions when the highest possible issuance profit shall be gained. Conditions which are favorable to the Company and which come close to the market can only be assessed when the Company is not bound to these conditions within a too long offer period. Otherwise, a substantial deduction would be required in order to procure the attractiveness of the conditions and the success of the capital measure during the whole offer period. An issuance which grants pre-emptive rights to the shareholders implies an uncertainty until the end of the offer period to which extent the pre-emptive rights are exercised and to which extent the placement is successfully undersigned by potential investors. This renders a successful placement more difficult. Therefore, the exclusion of the pre-emptive rights is reasonable in order to place a bond in a quick and flexible manner at good market conditions. The interests of the shareholders are preserved by the circumstance that the bonds will not be placed at a price which is substantially lower than the market value. In this regard, the theoretic market value shall be assessed by virtue of acknowledged financial mathematic methods. The board of management will render its best efforts to keep the deduction from the stock exchange price as low as possible when the issuance price is assessed in compliance with the relevant market situation. Thereby, the nominal market value of a pre-emptive right will come close to zero which will then be the reason that the shareholders will not suffer a substantial economic disadvantage by the exclusion of the pre-emptive rights. Moreover, the shareholders have the possibility to preserve their quota in the Company's share capital by acquiring the necessary shares in the stock market under conditions which come close to the bond issuance. The other proposed cases when the pre-emptive rights are excluded shall only procure that the issuance of the bonds is facilitated. The exclusion of fractional amounts is reasonable and usual since the costs of a pre-emptive right trading with fractional amounts would be too high. Furthermore, it is also usual that the owners of previously issued bonds have a pre-emptive right in case of a further partial use of the authorization to issue bonds. This avoids that the conversion or option price of previously issued bonds does not need to be reduced according to the existing conversion or option conditions (anti dilution protection). Thereby, the bonds can be placed in several tranches and under attractive market conditions.
III.

Further details regarding the Convening of this General Shareholders’ Meeting

1. Total Numbers of Shares and Voting Rights

At the time of convening this general shareholders’ meeting, the share capital of the Company comprises 22,952,192 no-par-value shares. Each share entitles the bearer to one vote. At the time of convening the general shareholders’ meeting, the Company holds treasury stock amounting to 79,896 shares. The Company has no rights in respect of these shares. The total number of shares bearing participation and voting rights at the time of convening the general shareholders’ meeting amounts to 22,872,296.

2. Conditions of Participation in the General Shareholders’ Meeting and Exercise of Voting Rights

Only those persons who are Company shareholders at the start of the 21st day before the general shareholders’ meeting, i.e. on April 28, 2011, 00.00 hours, CEST, (record date) and register for the general shareholders’ meeting may participate in the meeting and exercise voting rights. The registration must reach the registration office specified below by the close of May 12, 2011 (24:00 CEST), at the latest together with the confirmation of shareholding issued by the depository bank or financial services company on the record date. The registration and confirmation of shareholding must be in German or English. Text form is sufficient for the confirmation of shareholding.

The record date does not result in blocking the potential transfer of shares. Also in cases of a complete or partial sale of a shareholding after the record date the amount of the shareholding and the voting rights connected therewith at the time of the record date are decisive; this means that the transfer of shares after the record date does not have an impact on the right to participation and to the exercise of the voting rights. The same applies to the acquisition of shares after the record date. Persons not owning shares at the record date but having acquired shares thereafter, have no participation and voting rights.

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Postal Code 20 01 07
60605 Frankfurt
After receipt of the registration and the confirmation of shareholding by the Company, the registration office will send to the shareholders the admission tickets for the general shareholders’ meeting. To procure the timely receipt of the admission tickets, we kindly ask the shareholders to demand the admission ticket to the general shareholders’ meeting from the depository bank as early as possible. The necessary registration and the confirmation of the relevant shareholding will be accomplished by the depository bank in such case.

3. Procedure for Voting via Postal Mail

Shareholders may also cast their vote in writing by postal mail. For such purpose, the form printed on the admission ticket is available. The votes casted via postal mail must reach the Company by the close of Wednesday, May 18, 2011 (24:00 CEST), at the following address:

MorphoSys AG
ITTEB GmbH & Co. KG
Vogelanger 25,
86937 Scheuring

4. Procedure for Voting and Voting by Proxy

Shareholders may have their voting rights also exercised by a proxy, e.g. by a bank, a shareholders’ association a Company-nominated proxy or another proxy. Timely registration and a confirmation of shareholding are also required in this instance. Shareholders will receive a form for granting powers of proxy together with the admission ticket. Proxy authorizations, the revocation thereof and proof of authorization vis-à-vis the Company must be made in text form. Specific rules usually have to be observed when authorizing banks, shareholders’ associations or persons of comparable standing pursuant to § 135 para. 8 AktG; details should be requested from such person to be authorized.

The proxy has to submit the proper proxy form on the day of the general shareholders’ meeting or his authorization has to be declared vis-à-vis the Company at the following address:

MorphoSys AG
HV-Agency/Investor Relations
For such purpose, on the day of the general shareholders’ meeting only the entrance and exit control to the meeting in the Conference Center Munich, Hanns-Seidel-Stiftung, Lazarettstr. 33, 80636 Munich, will be available from 9:00 a.m. until shortly before the beginning of the voting procedure.

In addition to authorization, those proxies nominated by the Company must also be given instructions for exercising voting rights. These proxies are obligated to vote as instructed; they cannot exercise the voting rights at their own discretion. More details on participating in the general shareholders’ meeting and authorizing and instructing proxies will be sent to shareholders together with their admission ticket. With regard to the authorization of the proxy nominated by the Company, we ask you to order an admission ticket at the aforementioned registration office to complete the proxy and instruction form which is attached to the admission ticket and to send the form until May 18, 2011 (date of receipt) to the following address:

MorphoSys AG
ITTEB GmbH & Co. KG
Vogelanger 25,
86937 Scheuring
facsimile: +49 (0) 8195 / 99 89 664
e-mail: mor2011@itteb.de

This information can also be viewed on the internet at www.morphosys.com/agm.

5. Additional Agenda Topic Proposals requested by a Minority pursuant to § 122 para. 2 AktG

Shareholders whose shares together total the amount of 20 % of the share capital or the total nominal amount of EUR 500,000.00 - corresponding to 500,000 shares - may call for items to be added to the agenda and publicized. Reasons or a resolution proposal must be attached to each new agenda item. The request must reach the Company at the address stated under para. 6, 30 days before the general shareholders’ meeting at the latest, i. e. by the close of April 18, 2011 (24:00 CEST). The shareholders have to show that they have
been owners of the shares for at least three months prior to the day of the general shareholders’ meeting, i.e. at least since February 19, 2011 (0:00 CET).

6. Shareholder Motions and Election Proposals pursuant to § 126 para. 1 and § 127 AktG

Countermotions including reasons against a proposal made by the board of management and supervisory board with respect to a specific agenda item and shareholder proposals for elections (e.g. of the auditors of the Company) should be sent exclusively to the following address. Countermotions and election proposals sent to a different address will be disregarded.

MorphoSys AG
HV Agency / Investor Relations
Lena-Christ-Straße 48
82152 Martinsried/Planegg
facsimile: +49 (0) 89 / 899 27 - 5333
e-mail: hv@morphosys.com

Countermotions and election proposals arriving with evidence of shareholder status at this address until 14 days before the date of the general shareholders’ meeting, i.e. by no later than the close of May 4, 2011 (24:00 CEST) will be made available immediately to other shareholders on the internet at www.morphosys.com/agm if the other requirements for publication pursuant to § 126 AktG are fulfilled. Any comments from head office will likewise be published after May 4, 2011 at the same internet address.

7. Shareholder Right to Information pursuant to § 131 para. 1 AktG

The board of management is obligated to provide information about Company matters including legal and business relationships with affiliated companies as well as the situation of the Group and companies included in the consolidated financial statements to any shareholder at their request during the general shareholders’ meeting insofar as it is necessary for proper appraisal of an agenda item.

The obligation to provide information also applies to the legal and business relationship of the Company to an affiliate, to the situation of the company group and to the companies included in the consolidated financial statements. For reasons specified in § 131 para. 3 AktG, the board of management may deny to answer single questions, in particular because – according to reasonable business judgement – providing the information is likely to cause
substantial damages to the Company or to an affiliate. Pursuant to § 19 para. 4 of the Articles of Association of the Company, the Chairman of the general shareholders’ meeting may adequately restrict the time a shareholder has the right to speak and to ask questions.

8. **Publication on the Website**

This invitation letter to the general shareholders’ meeting, publishable documents and proposals from shareholders and further information are also available on the website of the Company at [www.morphosys.com/agm](http://www.morphosys.com/agm). The convening was published in the electronic Federal Gazette ("Bundesanzeiger") on April 06, 2011.

Place: Martinsried/Planegg

Date: April 2011

MorphoSys AG

Board of Management