1st Interim Report

January – March 2015

morphosys

Engineering the Medicines of Tomorrow

Contents

MorphoSys Group:
1st Interim Report January – March 2015

Summary of the First Quarter of 2015

- MorphoSys and Emergent BioSolutions initiated a phase 1 clinical trial with the bi-specific antibody MOR209/ES414 in the indication prostate cancer. The open-label phase 1 clinical trial will be conducted in clinical centers in the US and Australia with planned enrollment of up to 130 patients.
- Upon the publication of the 2014 annual financial results, MorphoSys provided an overview of the 2015 development plan for its proprietary portfolio. Among others, MorphoSys plans to initiate two phase 2 clinical trials in the second half of 2015 to evaluate MOR208 in combination with lenalidomide and bendamustine in the indication DLBCL.
- MorphoSys and Celgene mutually agreed to end their collaboration to co-develop and co-promote the MOR202 program. MorphoSys will continue as planned with the clinical development of the compound, which is currently in a MorphoSys-sponsored phase 1/2a trial in relapsed or refractory multiple myeloma patients. The first clinical data will be presented at the ASCO annual conference at the end of May/early June.
- As a result of the termination of the collaboration for MOR202, MorphoSys updated its financial guidance for the current financial year and now expects revenues in the range of € 101 million to € 106 million (previous guidance: € 58 million to € 63 million) and earnings before interest and taxes (EBIT) in the range of € 9 million to € 16 million (previous guidance: a loss before interest and taxes of € 20 million to € 30 million).
- MorphoSys announced the nomination of three new Supervisory Board candidates, Ms. Wendy Johnson, Mr. Klaus Kühn, and Dr. Frank Morich, for election at the Annual General Meeting on the 8 May 2015.
- Shortly after the end of the first quarter of 2015, MorphoSys announced the achievement of a clinical milestone with the initiation of a phase 2 study of the antibody guselkumab in psoriatic arthritis by its partner Janssen Biotech.
- At the end of the first quarter of 2015, MorphoSys's product pipeline comprised a total of 95 therapeutic antibodies, including 23 clinical programs. Three partnered programs are currently in phase 3 trials.

MORPHOSYS PRODUCT PIPELINE AS OF 31 MARCH 2015

Program/Partner	Indication	Discovery	Preclinic	Phase 1	Phase 2	Phase 3	Market
Bimagrumab, Novartis	Musculoskeletal						
Gantenerumab, Roche	Alzheimer's Disease						
Guselkumab, Janssen/J&J	Psoriasis						
MOR103, GSK	Inflammation						
MOR208	ALL/CLL/NHL						
BHQ880, Novartis	Cancer						
CNTO3157, Janssen/J&J	Asthma						
CNTO6785, Janssen/J&J	Rheumatoid Arthritis						
LFG316, Novartis	Eye Disease						
LJM716, Novartis	Cancer						
NOV-3, Novartis	n. d.						
Tarextumab (OMP-59R5), OncoMed	Cancer						
VAY736, Novartis	Inflammation						
MOR202	Multiple Myeloma					85 Partnered Programs	
MOR209/ES414, Emergent	PProstate Cancer					10 MOR Programs	
BAY94-9343, Bayer HealthCare	Cancer						
BI-836845, BI	Cancer						
NOV-7, Novartis	Eye Disease						
NOV-8, Novartis	Inflammation						
NOV-9, Novartis	Eye Disease						
NOV-10, Novartis	Cancer						
PF-05082566, Pfizer	Cancer						
Vantictumab, OncoMed	Cancer						
MOR106/GPLG2018, Galapagos	Inflammation						
27 Programs	Various Indications						
Immuno-onkology programs, Merck Serono	Cancer						
39 Programs	Various Indications						
4 Early-stage Programs	Various Indications						

Interim Group Management Report: 1 January – 31 March 2015

Business Environment and Activities

ECONOMIC DEVELOPMENT

The US Federal Reserve is expected to raise interest rates gradually over the course of the year. A normalization of monetary policy seems appropriate given the strong growth in US economic output and the approaching end to the period of low wage growth.

Unlike the US economy, the euro area economy is experiencing a sluggish recovery although the outlook has improved somewhat amid the euro's depreciation and the decline in the oil price. The core inflation rate is likely to remain at just under 1 % in the months to come. It is quite possible that the ECB will extend its bond-buying program or even increase its monthly purchases. Speculation is expected to remain in the market.

The German economy has regained strength, and leading indicators are trending higher. The declines in the oil price and in the EUR/US dollar exchange rate are occurring at an opportune time. Economic growth is now expected at 1.8 % for the year 2015.

China is still plagued by economic risk: property prices and debt have had excessive increases over the past few years. As a result, economic growth is expected to slow to 6.5 % in 2015 after reaching 7.3 % in the prior year.

IMPLICATIONS FOR MORPHOSYS

The economic developments described above had little impact on the commercial development of MorphoSys in the first three months of 2015. The Company's cost basis is primarily influenced by the EUR/US dollar exchange rate, particularly as a result of the clinical trials for MOR208 and MOR209/ES414 in the US.

INDUSTRY OVERVIEW

Acquisition activity in the pharmaceutical and biotechnology industry continued in the first quarter of 2015. The pharmaceutical company Abbvie announced its intention to acquire the US biopharmaceutical company Pharmacyclics for roughly US$ 21 billion. Pharmacyclics's sales are mainly driven by its blood cancer preparation ibrutinib (brand name: Imbruvica®), which is used in the treatment of chronic lymphocytic leukemia, among others. The pharmaceutical manufacturer Shire acquired the US company NPS Pharmaceuticals, who specializes in the treatment of rare diseases, for US$ 5.2 billion.

With regard to product approvals, the Swiss pharmaceutical group Novartis announced the approval in the US and Europe of secukinumab (brand name: Cosentyx®) for the treatment of adult patients with plaque psoriasis.

In the venture capital sector, the US company Moderna Therapeutics completed an unusually large VC round raising US$ 450 million. In Germany, an investment of at least € 46 million, made by the Bill & Melinda Gates Foundation in the privately held biotech company Curevac, located in Tübingen, sparked

an increased interest in biotech companies. Additionally, the Bavarian government announced the launch of a € 100 million growth fund to support start-ups in fields such as life sciences in order to attract the interest of private venture capitalists.

OPERATIONAL PERFORMANCE

MorphoSys assesses the 2015 year-to-date operational performance as neutral. After ending the collaboration with Celgene, MorphoSys regained the rights to MOR202 which may open up new, lucrative opportunities for the Company in the future, particularly the opportunity for a new partnership if the compound shows sufficient efficacy and safety in the clinic. In the 2015 financial year, MorphoSys will carry only an insignificant amount of additional costs for the compound's development than it would have carried under the co-development agreement with Celgene. However, due to the discontinuation of cost sharing, development costs in 2016 will be higher. The milestone payments and royalties announced as part of the Celgene alliance will no longer be realizable.

At the end of the first quarter of 2015, MorphoSys's product pipeline comprised 95 partnered and proprietary programs, 23 of which were in clinical development.

With the results of the first three months of 2015, MorphoSys is on track to reach its updated operational and financial targets for the full year.

STRATEGY AND GROUP MANAGEMENT

MorphoSys did not make any changes to its strategy or the Group's management in the first three months of 2015. A comprehensive description of the strategy and the Group's management may be found on page 16 of the 2014 Annual Report.

Commercial Development

PROPRIETARY DEVELOPMENT

In early March, MorphoSys and Emergent BioSolutions announced the initiation of a phase 1 clinical study to evaluate the safety, tolerability, and clinical activity of MOR209/ES414 in patients with metastatic castration-resistant prostate cancer (mCRPC). Under the terms of the companies' co-development and co-commercialization agreement, the study's initiation triggers a milestone payment of € 4.7 million to Emergent.

At the end of March, MorphoSys announced that it regained the rights to MOR202 from the US company Celgene Corporation. The companies mutually agreed to terminate their existing agreement to co-develop and co-promote MOR202. MorphoSys will continue as planned with the clinical development of the compound, which is currently in a MorphoSys-sponsored phase 1/2a study in relapsed or refractory multiple myeloma patients. As part of this study, MorphoSys will test combinations of MOR202 with the compounds lenalidomide and pomalidomide, both of which will be supplied by Celgene.

MorphoSys will present first clinical results from the active phase 1/2a study at the 2015 ASCO annual conference.

CD38 is a promising target for the treatment of multiple myeloma and potentially other hematological malignancies. An effective therapeutic antibody against this target could fundamentally change future treatment regimens in multiple myeloma and also become a basis for the treatment of several other forms of cancer.

PARTNERED DISCOVERY

In February 2015, the Japanese company Sosei announced its acquisition of the British biotechnology company Heptares Therapeutics. Since February 2013, MorphoSys and Heptares have had a cooperation agreement focussed on the delivery of antigen material of a class of GPCR molecules through Heptares and the development of therapeutic antibodies based on MorphoSys's Ylanthia antibody library. MorphoSys does not expect this acquisition to have an effect on its cooperation with Heptares. Heptares has already delivered the first antigens to MorphoSys, which have led to several proprietary therapeutic projects at MorphoSys. In April, Heptares decided to exercise its option under the terms of the agreement to develop its own therapeutic candidate.

MorphoSys's partner OncoMed received orphan drug designation from the US Food and Drug Administration (FDA) for its HuCAL antibody tarextumab (formerly called OMP-59R5) for the indications pancreatic cancer and small cell lung cancer. This program is currently in phase 1/2a clinical studies in both of these indications.

In early April 2015, MorphoSys announced that it received a clinical milestone payment from its partner Janssen Biotech. The payment was triggered by the initiation of a phase 2 clinical trial in a new indication – as defined by the contract – namely psoriatic arthritis and was recognized in the first quarter.

ACQUISITION UPDATE

MorphoSys did not acquire any companies in the 2014 financial year or in the first three months of 2015.

The in-licensed development candidate MOR209/ES414 has developed well since the contract's signature with Emergent BioSolutions. The first clinical trial, a phase 1/2a study, began in March 2015 and is being conducted initially in the US and Australia by Emergent as the sponsor.

Research and Development

PROPRIETARY DEVELOPMENT

The open-label phase 1 trial to evaluate MOR209/ES414 started as planned in the first quarter of 2015 and is being conducted in clinical centers in the US and Australia with planned enrollment of up to 130 patients. The trial will be conducted in two stages. The primary objective of stage 1 is to determine the maximum tolerated dose (MTD) of MOR209/ES414 in patients suffering from metastatic castration-resistant prostate cancer. The compound is administered intravenously with weekly dosing during the first three months of the trial and bi-weekly dosing thereafter. The secondary objectives are to evaluate the tolerability, the pharmacokinetics and pharmacodynamics, immunogenicity, the cytokine response, and the clinical activity of the MOR209/ES414 compound. In stage 2, the primary objective is to evaluate clinical activity in patients that have or have not received prior treatment in the form of chemotherapy. In this stage of the study, the secondary objectives are to further evaluate the safety profile, the pharmacokinetics and pharmacodynamics, and the immunogenicity of MOR209/ES414.

MorphoSys published its development plans for MOR208 in the current financial year on 26 February 2015. In the second half of 2015, MorphoSys plans to initiate two phase 2 clinical trials to evaluate MOR208 in combination with lenalidomide and bendamustine in the indication DLBCL. The active phase 2 clinical study of MOR208 monotherapy in ALL patients was discontinued in order to concentrate on a physician-initiated pediatric study that intends to use MOR208 in combination with an immune cell transplantation. The study is to be initiated in 2015 together with the St. Jude Children's Research Hospital in Memphis, TN, USA.

MorphoSys is continuing as planned with the clinical development of MOR202, which is currently in a MorphoSys-sponsored phase 1/2a study in relapsed or refractory multiple myeloma patients. The contractual agreement with Celgene to end the cooperation for MOR202's further development has no influence on this trial. In this study, MorphoSys will evaluate the combination of MOR202 with the compounds lenalidomide and pomalidomide, which are being provided by Celgene, commencing during the first half of 2015.

MorphoSys will present clinical data for MOR208 and MOR202 at the 2015 ASCO annual conference.

In addition to MOR208, MOR103, MOR202 and MOR209/ES414, MorphoSys is pursuing a variety of other programs in earlier stages. These programs include the co-development program MOR106 with Galapagos N.V. that is currently in preclinical development, as well as the immuno-oncology programs that were initiated in the second quarter of 2014 under the alliance signed with Merck Serono. The portfolio of early development candidates is now based entirely on the Ylanthia technology, MorphoSys's newest antibody library.

At the end of the first quarter of 2015, the Company's entire proprietary portfolio consisted of four antibodies in clinical development and seven in drug discovery or preclinical development.

PARTNERED DISCOVERY

During the first quarter, MorphoSys's partners continued to develop their antibody programs and published several advances.

In late March, MorphoSys's partners Novartis and OncoMed separately announced that they will present data on the following therapeutic antibody projects at the annual conference of the American Association for Cancer Research (AACR).

- Targeting HER3 and EGFR in NRG1 positive and HER3 mutated lung squamous cell carcinoma (Novartis)
- HER3 inhibition has little efficacy on hepatocellular carcinoma cell lines (Novartis)
- In vitro and in vivo activity of a highly potent and novel FGFR2/FGFR4 dual targeting antibody-drug conjugate (Novartis)
- Tarextumab (Anti-NOTCH2/3) reverses NOTCH2 and NOTCH3-dependent tumorigenicity and metastases in small cell lung cancer (OncoMed)
- Enhanced antitumor efficacy by sequential application of Wnt pathway antagonists in combination with taxanes (OncoMed)

In the course of the first three months of 2015, the number of active partnered therapeutic antibody programs grew to a total of 85 (31 December 2014: 84 partnered programs). Of these programs, 19 are in clinical development, 27 are in preclinical development, and 39 are in the discovery stage.

Intellectual Property

In the first three months of 2015, MorphoSys continued to consolidate and expand the patent protection of its development programs and its growing technology portfolio, which are the Company's key value drivers.

Currently, the Company maintains more than 40 different proprietary patent families worldwide in addition to the numerous patent families it pursues in cooperation with its partners.

Human Resources

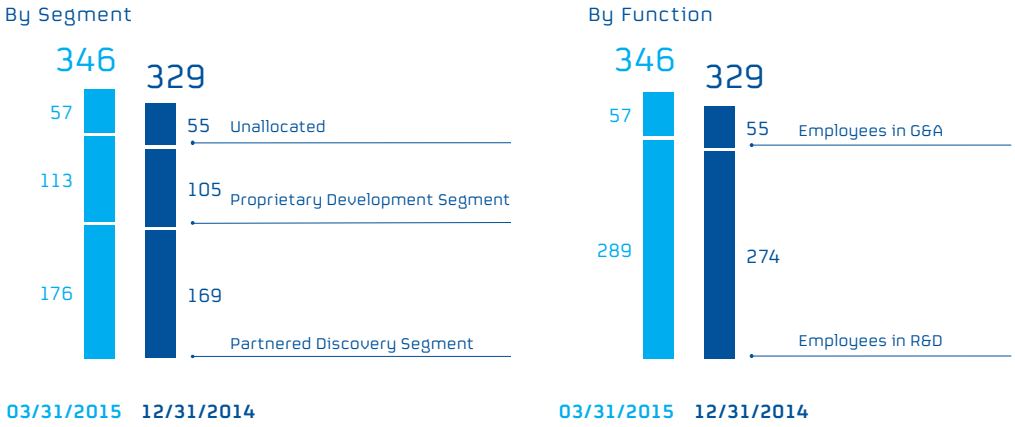
On 31 March 2015, the MorphoSys Group had 346 employees (31 December 2014: 329). In the first three months of 2015, the MorphoSys Group employed 341 people on average (Q1/2014: 309).

Of these 346 employees, 289 were employed in research and development and 57 in general and administrative functions (31 December 2014: 274 in research and development and 55 in general and administrative functions).

Of the 346 employees, 113 were engaged in the Proprietary Development segment and 176 were employed in the Partnered Discovery segment (31 December 2014: 105 employees in the Proprietary Development segment and 169 in the Partnered Discovery segment). The remaining 57 employees could not be allocated to either of these segments (31 December 2014: 55).

On 31 March 2015, MorphoSys had eight trainees (31 December 2014: eight).

EMPLOYEES BY SEGMENT AND FUNCTION



Financial Analysis

Revenues

In comparison to the previous year, Group revenues increased to € 70.4 million (Q1/2014: € 15.9 million). This rise was primarily the result of the termination of the cooperation with Celgene for the co-development and co-promotion of MOR202 and the resulting recognition of what was previously accounted for as deferred revenue.

Success-based payments amounted to 1 % of total revenue (Q1/2014: 6 %).

From a geographical standpoint, MorphoSys generated 86 %, or € 60.3 million, of its commercial revenues with biotechnology and pharmaceutical companies and non-profit organizations headquartered in North America and 14 %, or € 10.1 million, with customers mainly located in Europe and Asia. In the previous year's period, the distribution of commercial revenue was 27 % and 73 %, respectively.

Approximately 99 % of the Group's revenues are attributable to the customers Celgene, Novartis, and Jansen Biotech (Q1/2014: 94 % with Novartis, Celgene, and GlaxoSmithKline).

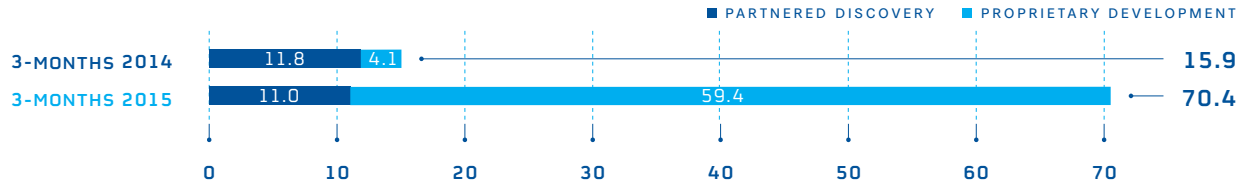
PROPRIETARY DEVELOPMENT SEGMENT

In the first three months of 2015, the Proprietary Development segment generated revenues of € 59.4 million (Q1/2014: € 4.1 million). These revenues originated mainly from the termination of the co-development activities with Celgene in the first quarter of 2015.

PARTNERED DISCOVERY SEGMENT

The revenues of the Partnered Discovery segment included € 10.5 million in funded research and license fees (Q1/2014: € 10.9 million) as well as € 0.5 million in success-based payments (Q1/2014: € 0.9 million).

REVENUE DEVELOPMENT BY SEGMENT (IN € MILLION)*



* Differences due to rounding

Operating Expenses

In the first three months of 2015, operating expenses increased to € 17.7 million (Q1/2014: € 14.5 million). Expenses consisted of € 14.7 million for research and development (Q1/2014: € 11.2 million) and € 3.0 million in general and administrative expenses (Q1/2014: € 3.3 million). The expenses for research and development increased as planned due to current projects.

The operating expenses in the Proprietary Development segment grew from € 6.7 million to € 9.7 million and those in the Partnered Discovery segment increased to € 5.2 million (Q1/2014: € 4.8 million).

Personnel expenses resulting from share-based payments are included in general and administrative expenses and in research and development expenses. These expenses totaled € 0.6 million in the first three months of 2015 (Q1/2014: € 0.9 million) and represent a non-cash expense.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses increased to € 14.7 million in the first three months of 2015 (Q1/2014: € 11.2 million). These consisted of personnel expenses (Q1/2015: € 5.7 million; Q1/2014: € 5.0 million), expenses for external laboratory services (Q1/2015: € 4.7 million; Q1/2014: € 2.9 million), expenses for external services (Q1/2015: € 1.3 million; Q1/2014: € 0.3 million), expenses for technical infrastructure (Q1/2015: € 1.0 million; Q1/2014: € 0.9 million), expenses related to intangible assets (Q1/2015: € 0.9 million; Q1/2014: € 1.1 million), expenses for consumables (Q1/2015: € 0.5 million; Q1/2014: € 0.5 million), and other expenses (Q1/2015: € 0.6 million; Q1/2014: € 0.6 million).

In the first three months of 2015, the Company incurred expenses for proprietary product development of € 9.7 million (Q1/2014: € 6.7 million) and € 0.7 million in expenses for technology development (Q1/2014: € 0.6 million).

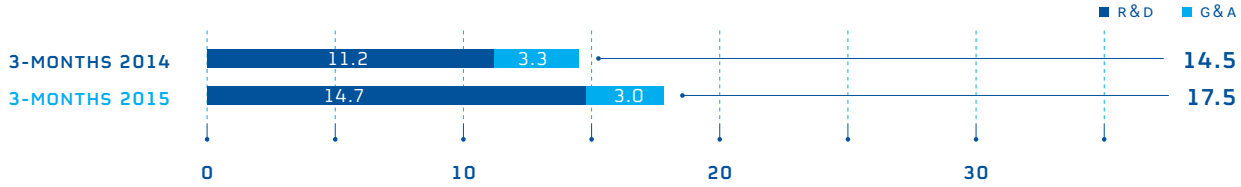
DISTRIBUTION OF R&D EXPENSES (in million €)

	Q1/2015	Q1/2014
R&D Expenses on behalf of Partners	4.3	3.9
Proprietary Development Expenses	9.7	6.7
Technology Development Expenses	0.7	0.6
R&D Total	**14.7**	**11.2**

GENERAL AND ADMINISTRATIVE EXPENSES

At € 3.0 million, general and administrative expenses were below the level reported for the comparable period of the previous year (Q1/2014: € 3.3 million). These expenses consisted of personnel expenses (Q1/2015: € 2.2 million; Q1/2014: € 2.3 million), expenses for external services (Q1/2015: € 0.4 million; Q1/2014: € 0.6 million), expenses for technical infrastructure (Q1/2015: € 0.2 million; Q1/2014: € 0.2 million), and other expenses (Q1/2015: € 0.2 million; Q1/2014: € 0.2 million).

DEVELOPMENT OF OPERATING EXPENSES (IN € MILLION)



Other Income and Expenses

Other income amounted to € 0.1 million (Q1/2014: € 0.1 million) and consisted mainly of grant income and currency gains. Other expenses amounted to € 0.1 million (Q1/2014: € 0.1 million) and resulted mainly from currency losses. In the first three months of 2014 an impairment of receivables was also included in other expenses.

EBIT

Earnings before interest and taxes (EBIT) totaled € 52.8 million after amounting to € 1.4 million in the previous year. The EBIT of the Proprietary Development segment totaled € 49.7 million (Q1/2014: € -2.6 million) while the Partnered Discovery segment generated an EBIT of € 5.8 million (Q1/2014: € 6.9 million).

Finance Income and Expenses

Finance income reached € 2.3 million (Q1/2014: € 0.3 million) comprising mainly realized and unrealized gains from foreign-exchange forward contracts and interest income. Finance expenses of € 0.2 million (Q1/2014: € 0.05 million) resulted primarily from realized and unrealized losses from foreign-exchange forward contracts and bank fees.

Taxes

In the first three months of 2015, the Group's income tax expense totaled € 14.0 million (Q1/2014: tax expense of € 0.5 million) and consisted of € 12.2 million in current tax expenses and deferred tax expenses of € 1.8 million.

Consolidated Net Profit/Loss for the Period

In the first three months of 2015, the Group generated a net profit of € 40.9 million (Q1/2014: net profit of € 1.1 million).

Financial Position

CASH FLOWS

Net cash inflows from operating activities amounted to € 2.7 million in the first three months of 2015 (Q1/2014: outflow of € 7.7 million). Investment activities resulted in a cash outflow of € 1.3 million (Q1/2014: outflow of € 9.1 million). Financing activities in the first three months of 2015 produced an inflow of € 0.1 million (Q1/2014: outflow of € 7.8 million).

INVESTMENTS

In the first three months of 2015, MorphoSys made investments in property, plant and equipment of € 0.3 million (Q1/2014: € 1.2 million). These investments were mainly made for laboratory equipment (primarily machinery) and computer hardware. Depreciation of property, plant and equipment remained almost unchanged for the 2015 three-month period and amounted to € 0.4 million (Q1/2014: € 0.3 million).

In the first three months of 2015, the Company invested € 4.9 million in intangible assets (Q1/2014: € 0.2 million), mainly impacted by the milestone payment to Emergent. Amortization of intangible assets in the first three months of 2015 totaled € 0.5 million and was below the previous year's level (Q1/2014: € 0.8 million).

LIQUIDITY

On 31 March 2015, the Company held cash and cash equivalents, marketable securities, and other financial assets of € 349.7 million in comparison to € 352.8 million on 31 December 2014.

This sum consists of cash and cash equivalents amounting to € 33.7 million (31 December 2014: € 32.2 million), marketable securities and bonds of € 102.0 million (31 December 2014: € 113.5 million), and other financial assets totaling € 154.0 million (31 December 2014: € 157.0 million) that are reported under the category "loans and receivables" within current assets. Additional investments of € 60.1 million categorized as "loans and receivables" were reported under non-current assets (31 December 2014: € 50.0 million).

The decline in cash and cash equivalents, marketable securities, and other financial assets by € 3.1 million was mainly the result of the use of cash and cash equivalents for operating activities during the first three months of 2015, primarily impacted by the milestone payment to Emergent.

Balance Sheet

ASSETS

On 31 March 2015, total assets amounted to € 431.2 million and were € 4.7 million above the level reported on 31 December 2014 (€ 426.5 million). The decline in current assets by € 7.9 million resulted mainly from the use of cash and cash equivalents for operating activities during the first three months of 2015 and from investments made in non-current financial assets of € 10.1 million.

In comparison to 31 December 2014, non-current assets increased by € 12.6 million primarily as a result of the long-term investment of liquid funds and the € 4.7 million rise in in-licensed research programs resulting from a milestone payment made to Emergent.

LIABILITIES

The increase in current liabilities from € 32.7 million on 31 December 2014 to € 36.3 million on 31 March 2015 occurred mainly as a result of an increase in tax liabilities by € 12.2 million and from an increase in "accounts payable and accrued expenses" by € 0.6 million. This increase was partially offset by the decline in the current portion of deferred revenues by € 9.2 million.

Non-current liabilities decreased by € 40.4 million in comparison to the 31 December 2014 balance sheet date. This decline was primarily the result of the recognition of deferred revenues through profit and loss from the termination of the cooperation with Celgene for the co-development and co-promotion of the MOR202 program.

STOCKHOLDER'S EQUITY

On 31 March 2015, the Group's stockholders' equity amounted to € 390.4 million in comparison to € 348.8 million on 31 December 2014.

The number of shares issued totaled 26,462,834 on 31 March 2015, of which 26,011,944 were outstanding (31 December 2014: 26,456,834 total shares and 26,005,944 shares outstanding).

Financing

The Company's equity ratio amounted to 91 % on 31 March 2015 compared to 82 % on 31 December 2014. The Company is currently not financed with financial debt.

Risk and Opportunity Report

The collaboration with Celgene on MOR202 was terminated in the first quarter of 2015. In the 2015 financial year, MorphoSys will carry only an insignificant amount of additional costs for the compound's development than it would have carried under the co-development agreement with Celgene. However, due to the discontinuation of the cost sharing, the development costs in 2016 will be higher. The milestone payments and royalties announced as part of the Celgene alliance will no longer be realizable. If the compound shows sufficient clinical efficacy and safety, there may be lucrative opportunities for the Company in the future, particularly the opportunity for a new partnership.

The other risks and opportunities and their assessment are unchanged as compared to the situation described on pages 61–69 in the 2014 Annual Report.

Subsequent Events

On 1 April 2015, the Management Board and the Senior Management Group were granted a new long-term incentive (LTI) program.

In April 2015 MorphoSys repurchased 88,670 of its own shares with a value of € 5,389,984 at a weighted average price of € 60.79 per share on the stock exchange. The treasury stock may be used for all purposes named in the authorization of the Annual General Meeting on 23 May 2014, and especially for any existing or future employee participation scheme and / or to finance acquisitions. The shares may also, however, be redeemed.

No further events occurred that require reporting.

Outlook

EXPECTED DEVELOPMENT IN THE LIFE SCIENCES SECTOR

After three very successful years for the biotechnology sector, the sector is expected to have another year of positive development in 2015. Funds should continue to flow to the sector given the historically low interest rates and in light of the upturn in the global economy. Scientific progress and a better understanding of biological pathways, such as those in the field of immuno-oncology, have led to further innovation and new drug approvals. In 2014, four out of ten newly approved drugs were for rare diseases and a further 40 % were based on new mechanisms or new compounds. This trend will continue. According to a recently published report from IMS Health entitled “The Global Outlook for Medicines Through 2018”, global pharmaceutical expenditures should rise 30 % to US$ 1.3 trillion by the year 2018.

New drug approvals and innovations, clearer guidelines for approval, and strong demand for new drugs will continue to drive the growth of the pharmaceutical and biotechnology industries. The average revenue potential of newly approved drugs is increasing, and the number of approvals could either remain at today’s high level or rise even further. In any case, pricing and reimbursement policies will remain at the center of attention.

FINANCIAL GUIDANCE

On 26 March 2015, MorphoSys published its updated financial guidance upon announcing the termination of its agreement with Celgene. The Company now expects revenues for the 2015 financial year in the amount of € 101 million to € 106 million (up from previously € 58 million to € 63 million) due to the full recognition of deferred revenues from the original agreement with Celgene and a one-time payment from Celgene for development costs in 2015. Based on management's current planning, proprietary R&D expenses are expected to increase to a range of € 56 million to € 63 million (previously € 48 million to € 58 million), including the development costs for MOR202 for the remainder of the year. The Company now expects earnings before interest and taxes (EBIT) of approximately € 9 million to € 16 million in 2015 (previously € -20 million to € -30 million).

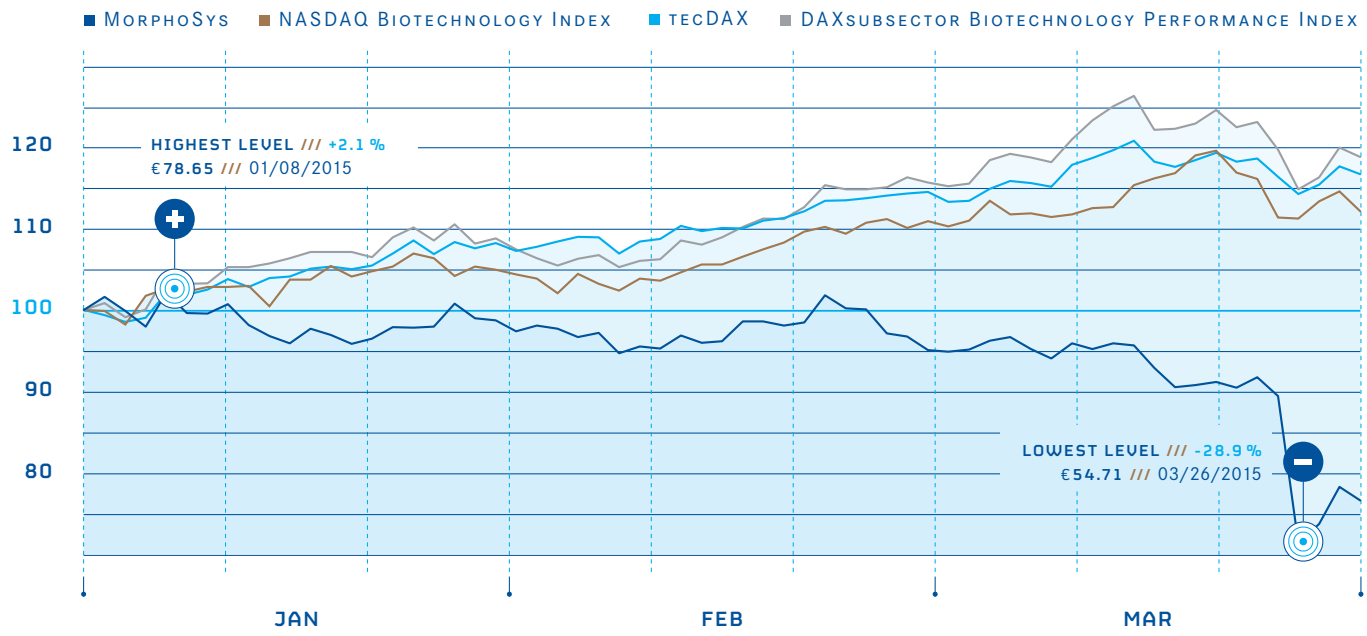
The statements in the 2014 Annual Report on pages 45–48 concerning the strategic outlook, the expected business and personnel developments, future research and development, and the dividend policy continue to apply.

Share Price Performance

In the first quarter of 2015, MorphoSys's shares were not able to continue their positive trend from the 2014 financial year. On the 31 March 2015 reporting date at the end of the quarter, the shares closed at € 58.81. This represented a year-to-date decline in the share price of 23.3 % and a market capitalization for MorphoSys AG of roughly € 1.6 billion. A key factor that influenced the share price performance was the termination of the cooperation with Celgene. On the day the agreement's termination was announced, MorphoSys's shares fell to a one-year low, but then started to recover in the follwing days.

As a result, MorphoSys's share performance was below that of the industry's major benchmark indices: In the course of the first three months of 2015, the NASDAQ Biotechnology Index increased by 13.2 %, the TecDAX rose 17.8 %, and the DAX Subsector Biotechnology Performance Index reported a rise of 19.3 %.

THE MORPHOSYS SHARE (2 JANUARY 2015 = 100 %)



Consolidated Income Statement (IFRS) – (unaudited)

€	Note	Three Months Ended 03/31/2015	Three Months Ended 03/31/2014
Revenues	**2**	**70,414,010**	**15,877,314**
Operating Expenses	**2**		
Research and Development		14,679,008	11,211,215
General and Administrative		2,985,861	3,315,580
Total Operating Expenses		**17,664,869**	**14,526,795**
Other Income		86,043	128,174
Other Expenses		60,123	93,604
Earnings before Interest and Taxes (EBIT)		**52,775,061**	**1,385,089**
Finance Income	3	2,343,748	275,054
Finance Expenses	3	231,184	53,640
Income Tax Expenses		14,032,995	516,109
Consolidated Net Profit		**40,854,630**	**1,090,394**
Basic Net Profit per Share		**1.57**	**0.04**
Diluted Net Profit per Share		**1.55**	**0.04**
Shares Used in Computing Basic Net Result per Share		26,008,755	25,860,025
Shares Used in Computing Diluted Net Result per Share		26,309,692	26,290,147

See accompanying Notes

Consolidated Statement of Comprehensive Income (IFRS)* – (unaudited)

€	Three Months Ended 03/31/2015	Three Months Ended 03/31/2014
Consolidated Net Profit	**40,854,630**	**1,090,394**
Change in Unrealized Gains and Losses on Available-for-sale Financial Assets and Bonds	25,535	121,126
(Thereof Reclassifications of Unrealized Gains and Losses to Profit and Loss)	0	(21,536)
Change of Tax Effects presented in Other Comprehensive Income on Available-for-sale Financial Assets and Bonds	(6,723)	(25,642)
Change in Unrealized Gains and Losses on Available-for-sale Financial Assets and Bonds, Net of Taxes	18,812	95,484
Foreign Currency Gain from Consolidation	1,092	20,662
Comprehensive Income	**19,904**	**116,146**
Total Comprehensive Income	**40,874,534**	**1,206,540**

*) In the first three months of 2015 and 2014, the statement of comprehensive income only comprised components, which will be reclassified in terms of IAS 1.82A(b) to profit or in subsequent periods when specific conditions are met.

Consolidated Balance Sheet (IFRS)

€	Note	31 March 2015 (unaudited)	31 Dec. 2014 (audited)
ASSETS			
Current Assets			
Cash and Cash Equivalents	3, 4	33,673,802	32,238,161
Available-for-sale Financial Assets	3, 4	94,522,107	106,039,373
Bonds, Available-for-sale	3, 4	7,454,459	7,488,259
Financial Assets classified as Loans and Receivables	3, 4	153,962,824	156,993,068
Accounts Receivable	4	16,640,035	14,990,532
Tax Receivables		1,178,606	1,120,563
Other Receivables	3, 4	2,666,419	100,194
Inventories, Net		547,735	556,171
Prepaid Expenses and Other Current Assets		3,864,143	2,869,067
Total Current Assets		**314,510,130**	**322,395,388**
Non-current Assets			
Property, Plant and Equipment, Net		3,498,273	3,557,729
Patents, Net		6,727,500	6,987,910
Licenses, Net		1,318,197	1,343,188
In-Licensed Research Programs		32,974,745	28,254,201
Software, Net		2,028,927	2,042,206
Goodwill		7,352,467	7,352,467
Financial Assets classified as Loans and Receivables, Net of Current Portion	3	60,090,081	50,030,000
Shares Available-for-sale, Net of Current Portion		1,726,633	1,726,633
Deferred Tax Asset		128,392	1,737,387
Prepaid Expenses and Other Assets, Net of Current Portion		883,534	1,050,864
Total Non-current Assets		**116,728,749**	**104,082,585**
TOTAL ASSETS		**431,238,879**	**426,477,973**

See accompanying Notes

€	Note	31 March 2015 (unaudited)	31 Dec. 2014 (audited)
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts Payable and Accrued Expenses	4	18,398,069	17,830,792
Tax Liabilities		13,012,520	777,281
Provisions		28,230	19,541
Current Portion of Deferred Revenue		4,855,179	14,075,166
Total Current Liabilities		**36,293,998**	**32,702,780**
Non-current Liabilities			
Provisions, Net of Current Portion		43,344	43,344
Deferred Revenue, Net of Current Portion		4,117,761	44,677,035
Convertible Bonds due to Related Parties	4	249,699	251,679
Deferred Tax Liability		177,820	0
Total Non-current Liabilities		**4,588,624**	**44,972,058**
Total Liabilities		**40,882,622**	**77,674,838**
Stockholders' Equity			
Common Stock	5	26,462,834	26,456,834
Ordinary Shares Issued (26,462,834 and 26,456,834 for 2015 and 2014, respectively)			
Ordinary Shares Outstanding (26,011,944 and 26,005,944 for 2015 and 2014, respectively)			
Treasury Stock (450,890 and 450,890 shares for 2015 and 2014, respectively), at Cost	5	(14,251,962)	(14,251,962)
Additional Paid-in Capital	5	319,048,308	318,375,720
Revaluation Reserve	5	14,170	(4,642)
Translation Reserve	5	294,938	293,846
Accumulated Income		58,787,969	17,933,339
Total Stockholders' Equity		**390,356,257**	**348,803,135**
Total Liabilities and Stockholders' Equity		**431,238,879**	**426,477,973**

See accompanying Notes

Consolidated Statement of Changes in Stockholder's Equity (IFRS) – (unaudited)

	Common Stock	
	Shares	**€**
Balance as of 1 January 2014	**26,220,882**	**26,220,882**
Compensation Related to the Grant of Stock Options, Convertible Bonds and Performance Shares	0	0
Repurchase Treasury Stock	0	0
Reserves:		
Change in Unrealized Gain on Available-for-sale Financial Assets and Bonds, Net of Tax Effects	0	0
Foreign Currency Gains from Consolidation	0	0
Consolidated Net Profit for the Period	0	0
Total Comprehensive Income	0	0
Balance as of 31 March 2014	**26,220,882**	**26,220,882**
Balance as of 1 January 2015	**26,456,834**	**26,456,834**
Compensation Related to the Grant of Convertible Bonds and Performance Shares	0	0
Exercise of Convertible Bonds Issued to Related Parties	6,000	6,000
Reserves:		
Change in Unrealized Gain on Available-for-sale Financial Assets and Bonds, Net of Tax Effects	0	0
Foreign Currency Gains from Consolidation	0	0
Consolidated Net Profit for the Period	0	0
Total Comprehensive Income	0	0
Balance as of 31 March 2015	**26,462,834**	**26,462,834**

See accompanying Notes

	Treasury Stock Shares	Treasury Stock €	Additional Paid-in Capital €	Revaluation Reserve €	Translation Reserve €	Accumulated Income €	Total Stockholders' Equity €
	339,890	**(6,418,018)**	**310,963,651**	**240,381**	**192,556**	**20,945,968**	**352,145,420**
	0	0	779,038	0	0	0	779,038
	111,000	(7,833,944)	0	0	0	0	(7,833,944)
	0	0	0	95,484	0	0	95,484
	0	0	0	0	20,662	0	20,662
	0	0	0	0	0	1,090,394	1,090,394
	0	0	0	95,484	20,662	1,090,394	1,206,540
	450,890	**(14,251,962)**	**311,742,689**	**335,865**	**213,218**	**22,036,362**	**346,297,054**
	450,890	**(14,251,962)**	**318,375,720**	**(4,642)**	**293,846**	**17,933,339**	**348,803,135**
	0	0	577,848	0	0	0	577,848
	0	0	94,740	0	0	0	100,740
	0	0	0	18,812	0	0	18,812
	0	0	0	0	1,092	0	1,092
	0	0	0	0	0	40,854,630	40,854,630
	0	0	0	18,812	1,092	40,854,630	40,874,534
	450,890	**(14,251,962)**	**319,048,308**	**14,170**	**294,938**	**58,787,969**	**390,356,257**

Consolidated Statement of Cash Flows (IFRS) – (unaudited)

For the Period Ended 31 March (in €)	Note	2015	2014
Operating Activities:			
Consolidated Net Profit		40,854,630	1,090,394
Adjustments to Reconcile Net Profit to Net Cash Provided / (Used) by Operating Activities:			
Depreciation and Amortization of Tangible and Intangible Assets		845,448	1,104,131
Net Gain on Sales of Financial Assets		(2,640)	(26,806)
Purchases of Derivative Financial Instruments		0	(15,820)
Net (Gain) / Loss on Derivative Financial Instruments		(1,809,862)	9,686
(Gain) / Loss on Sale of Property, Plant and Equipment		683	15
Recognition of Deferred Revenue		(59,161,094)	(9,553,561)
Stock-based Compensation	5, 7	577,848	933,881
Income Tax Expenses		14,032,995	516,109
Changes in Operating Assets and Liabilities:			
Accounts Receivable		(1,649,503)	423,768
Prepaid Expenses, Other Assets and Tax Receivables		(1,270,600)	(6,255,727)
Accounts Payable and Accrued Expenses and Provisions		314,371	(4,621,250)
Other Liabilities		407,789	(386,243)
Deferred Revenue		9,381,833	9,423,248
Interest Paid		0	(3,749)
Interest Received		289,281	55,443
Income Taxes Paid		(146,639)	(439,736)
Net Cash Provided / (Used) by Operating Activities		**2,664,542**	**(7,746,217)**

See accompanying Notes

in €	Note	2015	2014
Investing Activities:			
Purchases of Financial Assets		(15,600,000)	(28,291,947)
Proceeds from Sales of Financial Assets		27,179,240	23,085,777
Purchase of Financial Assets Classified as Loans and Receivables		(20,698,360)	(59,500,000)
Proceeds from Sale of Financial Assets Classified as Loans and Receivables		13,000,000	57,000,000
Purchase of Property, Plant and Equipment		(321,296)	(1,200,445)
Purchase of Intangibles		(4,887,245)	(155,920)
Net Cash Used by Investing Activities		**(1,327,661)**	**(9,062,535)**
Financing Activities:			
Repurchase Treasury Stock		0	(7,833,944)
Proceeds from the Exercise of Convertible Bonds Granted to Related Parties	5	98,760	0
Net Cash Provided / (Used) by Financing Activities		**98,760**	**(7,833,944)**
Effect of Exchange Rate Differences on Cash		0	19,266
Increase / (Decrease) in Cash and Cash Equivalents		1,435,641	(24,623,430)
Cash and Cash Equivalents at the Beginning of the Period		**32,238,161**	**71,873,696**
Cash and Cash Equivalents at the End of the Period		**33,673,802**	**47,250,266**

See accompanying Notes

Notes (unaudited)

MorphoSys AG ("the Company" or "MorphoSys") is a leader in the development of highly efficient technologies for the generation of therapeutic antibodies. The Company's proprietary portfolio of compounds and the pipeline of compounds jointly developed with partners from the pharmaceutical and biotechnology industry is among one of the broadest in the industry. The Group was founded in July 1992 as a German limited liability company. In June 1998, MorphoSys became a German stock corporation. In March 1999, the Company completed its initial public offering on Germany's "Neuer Markt": the segment of the Deutsche Börse designated for high-growth companies. On 15 January 2003, MorphoSys AG was admitted to the Prime Standard segment of the Frankfurt Stock Exchange. The registered offices of the MorphoSys Group's headquarters are located at Lena-Christ-Straße 48, 82152 Martinsried, Germany.

These interim consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and the International Accounting Standards (IAS) taking into account the recommendations of the International Financial Reporting Standards Interpretations Committee (IFRS IC) as applicable in the European Union (EU). These interim consolidated financial statements comply with IAS 34 "Interim Financial Reporting".

The condensed interim consolidated financial statements do not contain all of the information and disclosures required for financial year-end consolidated financial statements and, therefore, should be read in conjunction with the consolidated financial statements dated 31 December 2014.

The condensed interim consolidated financial statements were approved for publication on 5 May 2015.

The consolidated financial statements as of 31 March 2015 include MorphoSys AG, Sloning BioTechnology GmbH, and Poole Real Estate Ltd. (formerly Biogenesis UK Ltd.), which are collectively known as the "Group".

On 31 March 2015, Poole Real Estate Ltd. was in the process of liquidation. The liquidation was resolved by the shareholders and entered into the commercial register of the United Kingdom (Companies House) on 20 March 2014.

1 Accounting Policies

The accounting and valuation principles applied to the consolidated financial statements for the financial year ending 31 December 2014 were also applied to the first three months of 2015 and can be found on our website under www.morphosys.com/financial-reports.

The following new and revised standards and interpretations that were either mandatorily applicable for the reporting period or were not yet adopted by the European Union did not have an impact on the consolidated financial statements.

Standard / Interpretation		Mandatory application for financial years starting on	Adopted by the European Union	Possible impact on MorphoSys
IAS 19 (A)	Employee Contributions to Defined Benefit Plans	01.07.2014	no	none
IFRIC 21	Levies	17.06.2014	yes	none
	Improvements to International Financial Reporting Standards, 2010 – 2012 cycle	01.07.2014	no	none
	Improvements to International Financial Reporting Standards, 2011 – 2013 cycle	01.07.2014	no	none
(A) Amended				

The Group has not applied any standards, interpretations or amendments that were published, but not yet effective.

2 Segment Reporting

MorphoSys Group applies IFRS 8 “Segment Reporting”. An operating segment is defined as a component of an entity that engages in business activities from which it may earn revenues and incur expenses and whose operating results are regularly reviewed by the entity’s chief operating decision maker and for which discrete financial information is available.

Segment information is presented with respect to the Group’s operating segments. The operating segments are based on the Group’s management and internal reporting structures. The segment results include items that can be either directly attributed to the individual segment or can be allocated to the segment on a reasonable basis. Intercompany pricing is determined on an arm’s length basis.

The Group consists of the following operating segments.

PROPRIETARY DEVELOPMENT

This segment comprises all activities relating to the proprietary development of therapeutic antibodies. The activities of this segment currently include the clinical development of the proprietary programs MOR208 and MOR209/ES414 and the co-development of MOR202 with Celgene (this cooperation was terminated with the effective date of 26 March 2015 and has since been continued by MorphoSys in the Proprietary Development segment). The proprietary program MOR103 was out-licensed to GSK, and all activities are carried out by GSK. MorphoSys is also pursuing further programs that are at an early stage of proprietary development or that fall under co-development agreements.

PARTNERED DISCOVERY

MorphoSys possesses one of the leading technologies used for the generation of therapeutics based on human antibodies. The Group markets this technology commercially via partnerships with numerous pharmaceutical and biotechnology companies. The Partnered Discovery segment encompasses all operational activities relating to these commercial agreements and the majority of the technological development.

For the Three Months Period Ended 31 March (in 000's €)	Proprietary Development		Partnered Discovery		Unallocated		Group	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues	59,378	4,090	11,036	11,787	0	0	70,414	15,877
Operating Expenses	9,722	6,723	5,210	4,837	2,733	2,967	17,665	14,527
Other Income	72	0	0	3	14	125	86	128
Other Expenses	0	0	0	75	60	18	60	93
Segment EBIT	**49,728**	**(2,633)**	**5,826**	**6,878**	**(2,779)**	**(2,860)**	**52,775**	**1,385**
Finance Income	0	0	0	0	2,344	275	2,344	275
Finance Expenses	0	0	0	0	231	54	231	54
Profit before Taxes	**49,728**	**(2,633)**	**5,826**	**6,878**	**(666)**	**(2,639)**	**54,888**	**1,606**
Income Tax Expenses	0	0	0	0	14,033	516	14,033	516
Consolidated Net Profit	**49,728**	**(2,633)**	**5,826**	**6,878**	**(14,699)**	**(3,155)**	**40,855**	**1,090**

* Differences due to rounding.

The following overview shows the regional distribution of the Group's revenues.

For the Period Ended 31 March (in 000's €)	2015	2014
Germany	123	0
Other Europe and Asia	10,040	11,601
USA and Canada	60,251	4,276
Total	**70,414**	**15,877**

3 Financial Instruments

As of 31 March 2015, an amount of € 94.5 million (31 December 2014: € 106.0 million) was invested in various money-market funds, and a total of € 7.5 million (31 December 2014: € 7.5 million) was invested in fixed-rate bonds. These instruments were allocated to the category “available for sale” in accordance with IAS 39 “Financial Instruments”.

As of 31 March 2015, the Company held current financial assets of € 154.0 million (31 December 2014: € 157.0 million) that were assigned to the category “loans and receivables”. Other investments of € 60.1 million (31 December 2014: € 50.0 million) under the category “loans and receivables” were recorded under non-current assets as of 31 March 2015.

In March 2015, the Company granted a loan to Lanthio Pharma B.V. in the amount of € 0.7 million. The loan carries an interest rate of 8 % per annum and has a term until 31 December 2015. The loan includes a conversion right that grants MorphoSys the right to convert the principal amount of the loan, including accrued interest up to the day of conversion, into shares of Lanthio Pharma B.V. As of 31 March 2015, the loan was recorded in “other receivables”.

MorphoSys regularly uses foreign-currency options and forwards in order to hedge its foreign exchange risk. As of 31 March 2015, there were 22 unsettled forward rate agreements with terms ranging from one to 21 months (31 December 2014: 24). The gross unrealized gain of € 1,458,323 and the gross unrealized loss of € 26,977 as of 31 March 2015 (31 December 2014: € 44,506 of gross unrealized gain) were recorded in the finance result.

4 Fair Value Measurement

MorphoSys uses the following hierarchy for determining and disclosing the fair value of financial instruments.

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The carrying amounts of financial assets and liabilities such as cash and cash equivalents, marketable securities, accounts receivable, and accounts payable approximate their fair values due to their short-term maturities. The fair value of marketable securities is based on quoted market prices (hierarchy Level 1, quoted prices in active markets). None of the financial assets or liabilities was allocated to hierarchy levels 2 or 3. There were no transfers from one fair value hierarchy level to another in the years 2015 and 2014.

The fair values of financial assets and liabilities and the carrying amounts presented in the consolidated balance sheet were composed as follows.

31 March 2015	Note	Loans and Receivables	Available for Sale	Other Financial Liabilities	Total Carrying Amount	Fair value
(in 000's €)						
Cash and Cash Equivalents		33,674	0	0	33,674	33,674
Financial Assets classified as Loans and Receivables	3	153,963	0	0	153,963	153,963
Accounts Receivable		16,640	0	0	16,640	*
Forward Exchange Contracts Used for Hedging	3	1,458	0	0	1,458	1,458
Other Receivables	3	1,208	0	0	1,208	1,208
Financial Assets classified as Loans and Receivables, Net of Current Portion	3	60,090	0	0	60,090	60,090
Shares Available-for-sale, Net of Current Portion		0	1,727	0	1,727	*
Available-for-sale Financial Assets	3	0	94,522	0	94,522	94,522
Bonds, Available-for-sale	3	0	7,454	0	7,454	7,454
		267,033	**103,703**	**0**	**370,736**	**352,369**
Convertible Bonds - Liabilitiy Component		0	0	(250)	(250)	(250)
Accounts Payable and Accrued Expenses		0	0	(18,398)	(18,398)	(18,398)
Forward Exchange Contracts Used for Hedging	3	0	0	(27)	(27)	(27)
		0	**0**	**(18,675)**	**(18,675)**	**(18,675)**

31 December 2014	Note	Loans and Receivables	Available for Sale	Other Financial Liabilities	Total Carrying Amount	Fair value
(in 000's €)						
Cash and Cash Equivalents		32,238	0	0	32,238	32,238
Financial Assets classified as Loans and Receivables	3	156,993	0	0	156,993	156,993
Accounts Receivable		14,991	0	0	14,991	*
Other Receivables	3	100	0	0	100	100
Financial Assets classified as Loans and Receivables, Net of Current Portion	3	50,030			50,030	50,030
Shares Available-for-sale, Net of Current Portion		0	1,727	0	1,727	*
Available-for-sale Financial Assets	3	0	106,039	0	106,039	106,039
Bonds, Available-for-sale	3	0	7,488	0	7,488	7,488
		254,352	**115,254**	**0**	**369,606**	**352,889**
Convertible Bonds - Liabilitiy Component		0	0	(252)	(252)	(252)
Accounts Payable and Accrued Expenses		0	0	(17,831)	(17,831)	(17,831)
		0	**0**	**(18,083)**	**(18,083)**	**(18,083)**

* Disclosure waived in accordance with IFRS 7.29 (a)

5 Changes in Stockholder's Equity

COMMON STOCK

On 31 March 2015, the Company's common stock amounted to € 26,462,834 (31 December 2014: € 26,456,834).

ADDITIONAL PAID-IN CAPITAL

On 31 March 2015, additional paid-in capital amounted to € 319,048,308 (31 December 2014: € 318,375,720). The total increase of € 672,588 was due to personnel expenses resulting from share-based payments and from the exercise of convertible bonds.

REVALUATION RESERVE

On 31 March 2015, the revaluation reserve amounted to € 14,170 (31 December 2014: € -4,642). The total increase of € 18,812 resulted from a change in unrealized gains and losses from available-for-sale securities and bonds.

TRANSLATION RESERVE

In the first three months, the translation reserve increased by € 1,092 from € 293,846 on 31 December 2014 to € 294,938. This item included exchange-rate differences arising from the revaluation of Group company financial statements prepared in foreign currencies as well as from differences between the exchange rates used in the balance sheet and the income statement.

6 Changes in Convertible Bonds and Performance Shares

No stock options, convertible bonds, or performance shares were issued to the Management Board, the Senior Management Group, or the employees in the first three months of 2015.

7 Personnel Expenses Resulting from Share-Based Payments

In the first three months of 2015, personnel expenses resulting from share-based payments totaling € 0.6 million were recognized in the income statement (Q1/2014: € 0.9 million). In 2015 this amount completely consisted of share-based payments settled with equity instruments, of which personnel expenses of € 0.4 million were related to performance shares from LTI programs (Q1/2014: € 0.4 million). In 2014 further personnel expenses in the amount of € 0.2 million resulted from cash-settled share based payments in connection with stock appreciation rights.

8 Directors' Dealings

The Group engages in commercial relationships with its Management Board and the members of its Supervisory Board as related parties. In addition to cash compensation, the Company has issued convertible bonds and performance shares to members of the Management Board.

The tables below show the shares, convertible bonds, and performance shares held by the members of the Management Board and the Supervisory Board and show the changes in their ownership in the first three months of 2015.

SHARES

	01/01/15	Additions	Forfeitures	Sales	03/31/15
Management Board					
Dr. Simon Moroney	452,885	0	0	0	452,885
Jens Holstein	2,000	0	0	0	2,000
Dr. Arndt Schottelius	2,000	0	0	0	2,000
Dr. Marlies Sproll	28,620	0	0	0	28,620
Total	**485,505**	**0**	**0**	**0**	**485,505**
Supervisory Board					
Dr. Gerald Möller	9,000	2,000	0	0	11,000
Dr. Walter Blättler	2,019	0	0	0	2,019
Dr. Daniel Camus	0	0	0	0	0
Dr. Marc Cluzel	500	0	0	0	500
Karin Eastham	1,000	1,000	0	0	2,000
Dr. Geoffrey Vernon	0	0	0	0	0
Total	**12,519**	**3,000**	**0**	**0**	**15,519**

CONVERTIBLE BONDS

	01/01/15	Additions	Forfeitures	Exercises	03/31/15
Management Board					
Dr. Simon Moroney	107,186	0	0	0	107,186
Jens Holstein	90,537	0	0	0	90,537
Dr. Arndt Schottelius	60,537	0	0	0	60,537
Dr. Marlies Sproll	93,537	0	0	0	93,537
Total	**351,797**	**0**	**0**	**0**	**351,797**

PERFORMANCE SHARES

	01/01/15	Additions	Forfeitures	Allocations	03/31/15
Management Board					
Dr. Simon Moroney	54,655	0	0	0	54,655
Jens Holstein	37,434	0	0	0	37,434
Dr. Arndt Schottelius	37,434	0	0	0	37,434
Dr. Marlies Sproll	37,434	0	0	0	37,434
Total	**166,957**	**0**	**0**	**0**	**166,957**

The Supervisory Board of MorphoSys AG does not hold any stock options, convertible bonds, or performance shares.

9 Transactions with Related Parties

With the exception of the transactions described under “Directors’ Dealings”, there were no further transactions carried out with related parties in the first three months of 2015.

On 31 March 2015, the Senior Management Group held 163,050 convertible bonds (31 December 2014: 169,050 units) and 91,807 performance shares (31 December 2014: 91,807 units), which were granted by the Company. No stock options, convertible bonds, stock appreciation rights or performance shares were issued to the Senior Management Group in the first three months of 2015.

10 Subsequent Events

On 1 April 2015, the Management Board and the Senior Management Group were granted a new long-term incentive (LTI) program.

In April 2015 MorphoSys repurchased 88,670 of its own shares with a value of € 5,389,984 at a weighted average price of € 60.79 per share on the stock exchange. The treasury stock may be used for all purposes named in the authorization of the Annual General Meeting on 23 May 2014, and especially for any existing or future employee participation scheme and / or to finance acquisitions. The shares may also, however, be redeemed.

No further events occurred that require reporting.

Imprint

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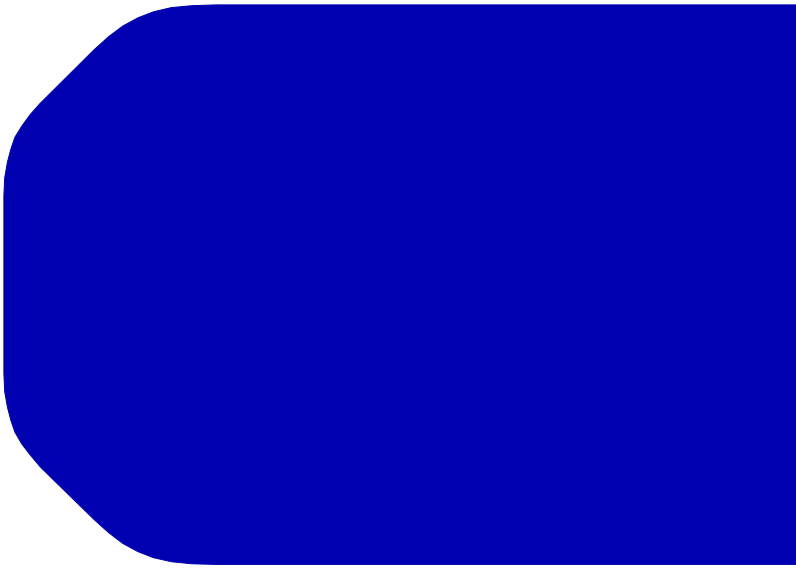
2015 Financial Calendar

26 FEBRUARY 2015	PUBLICATION OF 2014 YEAR-END RESULTS
05 MAY 2015	PUBLICATION OF 2015 THREE MONTHS' REPORT
08 MAY 2015	ANNUAL GENERAL MEETING 2015 IN MUNICH
27 JULY 2015	PUBLICATION OF 2015 SIX MONTHS' REPORT
04 NOVEMBER 2015	PUBLICATION OF 2015 NINE MONTHS' REPORT



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