3rd Interim Report

January – September 2014

morphosys

Engineering the Medicines of Tomorrow

Contents

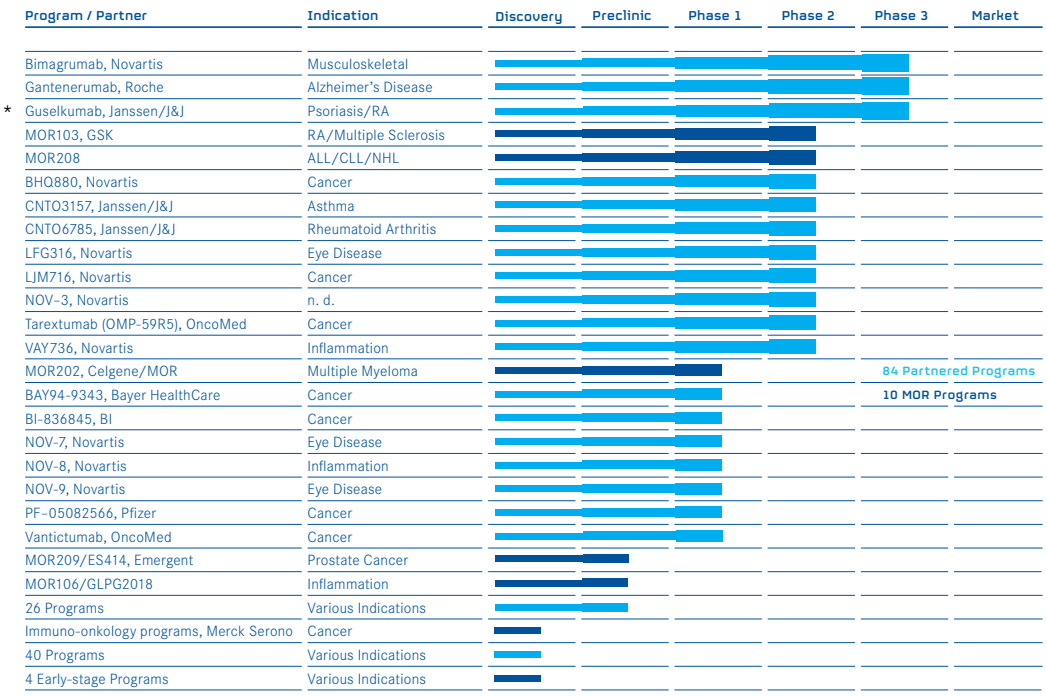
MorphoSys Group:
3rd Interim Report January – September 2014

Summary

Summary of the Third Quarter of 2014

- MorphoSys and Emergent BioSolutions signed an agreement for the joint development and commercialization of MOR209/ES414, a bi-specific antibody targeting prostate cancer. Under the terms of the agreement, MorphoSys gains worldwide commercialization rights excluding the U.S. and Canada.
- MorphoSys received a milestone payment from Novartis in connection with the initiation of a phase 1 clinical trial in the field of diabetic eye diseases.
- In October, MorphoSys announced the acquisition of Lanthio Pharma's lanthipeptide technology.
- MorphoSys receives a research grant of up to EUR 1 million from the German Federal Ministry of Education and Research (BMBF), which will support development of antibodies against two G protein-coupled receptors (GPCRs).
- Clinical data for the MOR103 program from the phase 1b study in multiple sclerosis were presented in September at the ACTRIMS-ECTRIMS meeting. The completion of the study marks the complete transition of all further development to MorphoSys's partner GlaxoSmithKline.
- MorphoSys provided an update on its proprietary portfolio including the clinical programs MOR208, MOR103 and MOR202. First clinical data for the MOR208 program from the phase 2 study in Non-Hodgkin's lymphoma (NHL) will be published in Q4 2014. Results from the phase 2 study of MOR208 in acute lymphoblastic leukemia (ALL) and from the phase 1/2a study of MOR202 in multiple myeloma are expected in 2015.
- Shortly after the end of the third quarter 2014, MorphoSys received a milestone payment from its partner Janssen Biotech for the start of a phase 3 clinical trial with guselkumab.
- As a result of these events, MorphoSys's partnered and proprietary pipeline currently comprises 94 therapeutic antibodies, of which 21 were in clinical development. This includes three partnered programs in phase 3 trials.

MORPHOSYS PRODUCT PIPELINE AS OF 30 SEPTEMBER 2014



* Phase 3 was started in October 2014

Interim Group Management Report: 1 January – 30 September 2014

Business Environment and Activities

ECONOMIC DEVELOPMENT

After a strong first quarter 2014, Germany's economic development slowed slightly in the further course of the year. Declining economic performance in the euro area and growing uncertainty caused by geopolitical developments, particularly in the Ukraine and the Middle East, contributed to this slowdown.

The recovery in the euro area continues to be sluggish with sharply contrasting economic development in each country. Germany, Italy, and France have recorded rather weak performance in the course of 2014, while the Netherlands, Portugal, and Finland, for example, have experienced positive momentum.

Meanwhile, the “No” vote given by the Scots in the referendum on devolution from Great Britain has relieved some of the political tension in the European Union. This vote was seen as a sign of European stability.

Shortly after the end of the third quarter of 2014, an economic downturn and a weak outlook for Europe pressured markets worldwide. The International Monetary Fund (IMF) warned of a slowdown in the global economy and cut its growth forecast for 2014.

IMPLICATIONS FOR MORPHOSYS

The economic developments described above did not have a significant impact on the business development of MorphoSys AG in the first nine months of 2014.

INDUSTRY OVERVIEW

Also the third quarter saw further acquisition activities in the pharmaceutical and biotechnology industries; Roche Group acquired the U.S. biotechnology companies Intermune and Seragon Pharmaceuticals for a total of more than US$ 9 billion. U.S. government measures relating to the acquisition of foreign companies and thus the possible shift of tax residency to a state with lower taxes passed shortly before the end of the quarter and could have a profound impact on current and future transactions. The first example of this development was the termination of pharma group Abbvie’s proposed € 40 billion acquisition of the Irish company Shire plc.

In terms of product approvals, the PD1 antibody nivolumab, developed by the pharmaceutical group Bristol-Myers Squibb, was approved in Japan in July for the treatment of unresectable melanoma. This was a further antibody addressing so-called immune checkpoints to receive approval.

Biotechnology IPOs continued into the third quarter, even though some companies were forced to list on the capital market at reduced valuations. In the field of antibody technologies and related approaches, IPOs were executed by arGEN-X on the Euronext exchange in Brussels, and the Heidelberg-based company Affimed, which is now listed on the U.S. NASDAQ exchange. Unlisted companies attracted a

total of US$ 1.1 billion in venture capital in the third quarter of 2014. In total, close to US$ 4 billion in venture capital flowed into the sector within the first nine months of the year.

OPERATIONAL PERFORMANCE

MorphoSys is satisfied with its 2014 year-to-date performance. The search for new product candidates that complement and enhance the Company's proprietary drug portfolio led to the conclusion of another contract in the third quarter. An innovative cancer compound for the Company's portfolio was obtained with the bi-specific antibody MOR209/ES414 from the US-based company Emergent BioSolutions Inc.

At the end of the third quarter of 2014, MorphoSys's product pipeline comprised 94 partnered and proprietary programs, 21 of which were in clinical development.

With the results shown in the first nine months of 2014, MorphoSys is on track to achieve and, in case of EBIT, exceed its full-year operating and financial goal.

STRATEGY AND PERFORMANCE MANAGEMENT

MorphoSys did not make any changes to the Company's strategy or performance management during the first nine months of 2014. A comprehensive description of the strategy and performance management can be found on page 24 of the Company's 2013 Annual Report.

Commercial Development

PARTNERED DISCOVERY

MorphoSys's partner company Janssen has published trial protocols for three planned phase 3 trials with the HuCAL antibody guselkumab for the treatment of psoriasis. According to the trials' designs, all studies should be completed in 2016. With this Janssen substantiates its previously published plans to submit the compound for approval by the year 2017. The official start of the first phase 3 trial in October 2014 has triggered a clinical milestone payment.

MorphoSys reached another clinical milestone in its cooperation with Novartis. A payment was triggered by the start of a phase 1 study in the area of ophthalmology.

Since October 2013, MorphoSys has been involved in arbitration proceedings with ContraFect Corp. in relation to the contract concluded between the two companies in 2011. The proceedings, initiated by MorphoSys, have since led to an agreement and the termination of the license agreement as per 15 August 2014. As part of the agreement, under which both parties' outstanding receivables and claims have been settled, ContraFect made a payment to MorphoSys in the amount of € 1 million. This payment was made in the third quarter of 2014.

PROPRIETARY DEVELOPMENT

MorphoSys strives to strengthen its proprietary development portfolio and gain access to advanced product candidates by virtue of new contracts. Such a new contract was signed with Emergent BioSolutions Inc. in the third quarter of 2014.

In August, MorphoSys and Emergent BioSolutions Inc. announced an agreement to jointly develop and commercialize the compound ES414. This compound, to be renamed MOR209/ES414, is a bi-specific anti-PSMA/anti-CD3 antibody targeting prostate cancer. Prostate cancer is the most commonly diagnosed

cancer in men living in industrialized nations, with approximately 900,000 new cases per year. There are different forms of prostate cancer with some having aggressive tumors which can metastasize into other tissues, especially in lymph nodes and bones. Although early detection, radiation, surgery, and hormone ablation therapy could significantly improve the treatment of early forms of prostate cancer, there are not many treatment options for patients with metastatic castration-resistant prostate carcinoma (mCRPC). There is a high medical need for well-tolerated and effective treatment methods. The target molecule PSMA is a validated target for the therapy of mCRPC. The global market for therapies against mCRPC is growing and worldwide sales in this segment are expected to rise to more than US$ 5 billion by 2022.

Under this agreement, MorphoSys has secured the commercialization rights worldwide, with the exception of the USA and Canada where Emergent will retain commercial rights. Emergent received an upfront payment of US$ 20 million and is eligible to receive potential milestone payments of up to US$ 163 million. The milestone payments are linked to specific events, including the successful development of MOR209/ES414 in several indications as well as the approval in various markets.

MorphoSys and Emergent will co-develop MOR209/ES414, with MorphoSys assuming 64% of the development costs and Emergent assuming 36% of the costs. Emergent will manufacture and supply clinical material from its manufacturing facilities in Baltimore, Maryland/USA. Emergent will receive low single-digit royalties on product sales in MorphoSys's sales regions and MorphoSys will receive tiered royalties ranging from the mid single-digits up to 20% on product sales in Emergent's sales regions.

ACQUISITION UPDATE

MorphoSys did not acquire any companies in fiscal year 2013 or in the first nine months of 2014.

The in-licensed development candidate MOR209/ES414 has developed well since the contract's signature. Further discussions and interaction with the competent health authorities suggest that the intended clinical start of the program's trial can be achieved.

After balance sheet date, in October 2014, MorphoSys announced the acquisition of LanthioPharma's lanthipeptide technology for drug development. MorphoSys triggered acquisition by excercising an option within an existing collaboration and option agreement between the two companies from November 2012.

Research and Development

PARTNERED DISCOVERY

During the third quarter, MorphoSys's partners continued to advance their antibody programs and published various development steps. Newly launched and planned clinical trials with HuCAL antibodies during the third quarter included:

- A planned Boehringer Ingelheim phase 1 trial with the HuCAL antibody BI 836845 will test the antibody in combination with the compound Enzalutamide in up to 160 prostate cancer patients.
- A further phase 1 trial with the HuCAL antibody BI 836845 planned by Boehringer Ingelheim will test the antibody in combination with the compound Afatinib in up to 60 patients with non-small cell lung carcinoma.

- The publication of three phase 3 trials planned by Janssen with the HuCAL antibody guselkumab for testing the antibody in up to 2,550 patients with psoriasis. Shortly after the end of the third quarter 2014, the first phase 3 trial with guselkumab was started.
- A phase 1b trial with the HuCAL antibody PF-05082566 in combination with the anti-CCR4 antibody mogamulizumab for testing the safety and tolerability of the combination in patients with solid tumors. This trial has been planned by Pfizer and Kyowa Hakko Kirin and is scheduled to start in 2015.

MorphoSys's partner OncoMed is allowed to continue the temporarily stopped phase 1 trial of the antibody drug vantictumab using a modified trial protocol. This decision, made by the U.S. Food and Drug Administration, was announced in August. Changes in the trial protocol stipulate, among others, an altered dosage regimen, a change in inclusion criteria, the closer monitoring of patients, and measures to counteract the effects occurring on bone metabolism.

At the end of September, OncoMed presented additional clinical data on the second HuCAL antibody in their portfolio, tarextumab, at the Congress of the European Society for Medical Oncology (ESMO) in Madrid. The results of the current ALPINE and PINNACLE studies support the promising potential of this antibody.

During the first nine months of 2014, the number of active partnered therapeutic antibody programs grew to a total of 84 (31 December 2013: 75 partner-operated programs). Of these, 18 programs were in clinical development, 26 in preclinical development, and 40 in the discovery phase.

PROPRIETARY DEVELOPMENT

MorphoSys’s portfolio within the Proprietary Development segment comprises three projects in clinical trials: the HuCAL antibody MOR103 (anti-GM-CSF) in the areas of rheumatoid arthritis (RA) and multiple sclerosis (MS), the HuCAL antibody MOR202 (anti- CD38) in the area of multiple myeloma, and MOR208, an Fc-optimized and humanized antibody targeting CD19 in the area of B-cell malignancies.

With MOR209/ES414, a further compound was in-licensed during the third quarter. MorphoSys and its partner Emergent plan to start a phase 1 clinical trial for MOR209/ES414 with patients having metastatic, castration-resistant prostate cancer (mCRPC) within six months after the contract's signature. The first phase of the trial will be conducted in the USA and Australia. The trial will be sponsored by Emergent.

MOR209/ES414 steers cytotoxic T cells to prostate cancer cells expressing the prostate specific membrane antigen (PSMA). PSMA is an antigen often found on these cancer cells. The mechanism of action is similar to the immune system's natural processes and leads to both a target molecule-dependent killing of the cancer cells and to an activation and proliferation of T cells.

In preclinical trials, MorphoSys's partner Emergent showed in animal models that treatment with MOR209/ES414 successfully led to the disappearance of prostate tumors. The compound also greatly prolonged the overall survival rate compared to that of the control group. These effects even occurred at low doses of 3 to 30 µg. Emergent presented these results amongst other events at the annual conference of the American Association for Cancer Research (AACR) in 2013. Additional studies suggest a longer serum half-life of the molecule compared to antibody fragments and similar bi-specific compounds. The compound was tested in toxicity studies in non-human primates and was generally well tolerated, both in single-dose and repeated- dose administration.

In addition to MOR103, MOR202, MOR208, and MOR209/ES414, MorphoSys is also pursuing various programs in earlier stages. These include the co-development program with Galapagos N.V., which is in preclinical development, as well as the immuno-oncology programs initiated under the alliance agreement which was signed in the second quarter with Merck Serono. The early development portfolio is now based completely on the Ylanthia technology, MorphoSys's latest antibody library.

At the end of the third quarter, the entire proprietary portfolio consisted of three antibody compounds in clinical development and seven compounds in drug discovery or preclinical development.

Intellectual Property

In the first nine months of 2014, MorphoSys continued to consolidate and expand the patent protection surrounding its development programs and its growing technology portfolio, which are the Company's key value drivers.

Presently, 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 30 September 2014, the MorphoSys Group engaged 320 employees (31 December 2013: 299). In the first nine months of 2014, the MorphoSys Group employed 311 people on average (1-9/2013: 289).

Of these 320 employees, 266 were employed in research and development and 54 in selling, general and administrative functions (31 December 2012: 253 and 46, respectively).

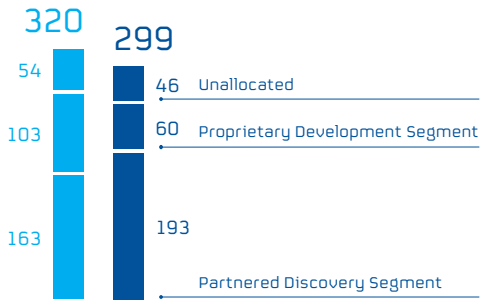
On 30 September 2014, MorphoSys had a total of 121 employees with PhD degrees (31 December 2013: 118).

Of the 320 employees, 163 worked in the Partnered Discovery segment and 103 were employed in the Proprietary Development segment (31 December 2013: Partnered Discovery segment: 193, Proprietary Development segment: 60). The remaining 54 employees were not allocated to either of these segments (31 December 2013: 46). The shift between the Partnered Discovery and the Proprietary Development segments in the first nine months of 2014 resulted from the intensification of proprietary product development activities.

On 30 September 2014, MorphoSys employed a total of eight trainees (31 December 2013: ten).

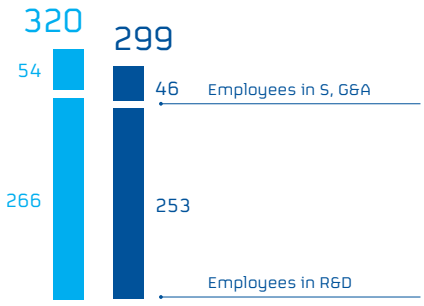
EMPLOYEES BY SEGMENT AND FUNCTION

By Segment



09/30/2014 12/31/2013

By Function



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Financial Analysis

At the end of 2012, MorphoSys announced the sale of substantially all of its AbD Serotec business to Bio-Rad Laboratories, Inc. (Bio-Rad). As of 31 December 2012, substantially all of the AbD Serotec operating segment represented a discontinued operation as defined within IFRS 5. The Partnered Discovery and Proprietary Development operating segments, along with the continuing operations of the AbD Serotec segment, were classified as continuing operations as of the balance sheet date of 31 December 2012. The closing of the transaction was dependent upon certain conditions that were met on 10 January 2013 (closing date). Hence, substantially all of the AbD Serotec segment was sold as of this date. Therefore, the financial implications of the discontinued operations of AbD Serotec, owned by the MorphoSys Group until 10 January 2013, are reflected in the prior year's figures.

Revenues

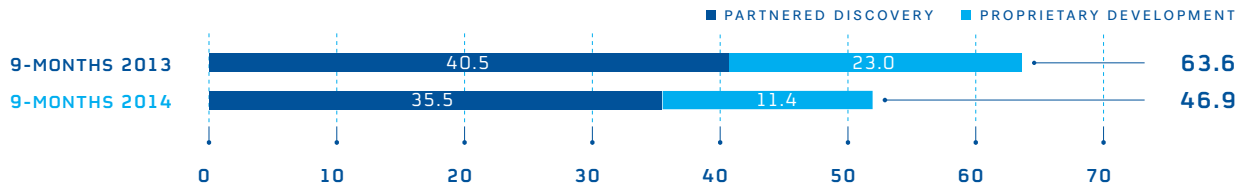
Compared to the previous year, Group revenues declined by 26% to € 46.9 million (1-9/2013: € 63.6 million). This decrease was primarily the result of one-time effects related to the out-licensing of MOR103 to GlaxoSmithKline and license fees in connection with the sale of the AbD Serotec business unit to Bio-Rad in the first nine months of 2013.

From a geographical viewpoint, MorphoSys generated 27% or € 12.8 million of its commercial revenues with biotechnology and pharmaceutical companies and with non-profit organizations headquartered in North America. The Company generated 73% or € 34.1 million in revenues with customers mainly located in Europe and Asia. In the comparable period of the prior year, the breakdown was 8% and 92%, respectively.

PARTNERED DISCOVERY AND PROPRIETARY DEVELOPMENT SEGMENTS

The revenues of the Partnered Discovery segment included € 33.1 million in funded research and license fees (1-9/2013: € 37.5 million) as well as success-based payments totaling € 2.4 million (1-9/2013: € 3.0 million). Success-based payments amounted to 5% (1-9/2013: 5%) of the total revenues of the Partnered Discovery and Proprietary Development segments. The decline in license fees was the result of a one-time effect in relation to the sale of the AbD Serotec business to Bio-Rad that occurred in the first half of 2013. As part of this sale, a non-exclusive license for the use of the HuCAL technology in the market for research reagents and diagnostics was also transferred to Bio-Rad.

REVENUE DEVELOPMENT BY SEGMENT – CONTINUING OPERATIONS (IN € MILLION)*



* Differences due to rounding

The Proprietary Development segment achieved revenues of € 11.5 million in the first nine months of 2014 (1-9/2013: € 23.0 million). These originated mainly from our co-development activities with Celgene. In comparison to the previous year, this decline was largely impacted by the recognition of an up-front payment in 2013 as part of the out-licensing of the MOR103 antibody program to GlaxoSmithKline.

Approximately 93% of Group revenues were generated with customers Novartis, Celgene, and ContraFect (1-9/2013: 92% with Novartis, GlaxoSmithKline, and Bio-Rad).

Operating Expenses

At € 51.1 million, operating expenses in the first nine months of 2014 remained essentially at the previous year's level (1-9/2013: € 49.1 million). Expenses were composed of € 40.8 million for research and development (1-9/2013: € 35.9 million) and € 10.3 million for selling, general and administrative expenses (1-9/2013: € 13.2 million).

The operating expenses of the Partnered Discovery segment fell to € 17.2 million (1-9/2013: € 18.2 million) and rose from € 20.8 million to € 24.2 million in the Proprietary Development segment.

Personnel expenses resulting from share-based payments are contained in selling, general, and administrative expenses and within research and development expenses. These totaled € 3.2 million in the first nine months of 2014 (1-9/2013: € 4.1 million) and represent a non-cash expense. The decline is the result of a modification made to the 2011 and 2012 LTI programs in the first nine months of 2013.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses rose to € 40.8 million in the first nine months of 2014 (1-9/2013: € 35.9 million). These expenses consisted mainly of personnel expenses (1-9/2014: € 16.2 million; 1-9/2013: € 15.7 million), expenses for external laboratory services (1-9/2014: € 10.2 million; 1-9/2013: € 10.1 million), expenses related to intangible assets (1-9/2014: € 7.0 million; 1-9/2013: € 4.0 million), expenses for technical infrastructure (1-9/2014: € 3.1 million; 1-9/2013: € 2.6 million), and other expenses (1-9/2014: € 1.8 million; 1-9/2013: € 1.3 million). Expenses for research and development for the first nine months of 2014 also included impairment of patents, licenses and laboratory equipment amounting to € 4.1 million (1-9/2013: € 0.7 million).

In the first nine months of 2014, the Company incurred expenses of € 24.2 million for proprietary product development (1-9/2013: € 20.8 million) as well as technology development expenses of € 1.9 million (1-9/2013: € 3.3 million).

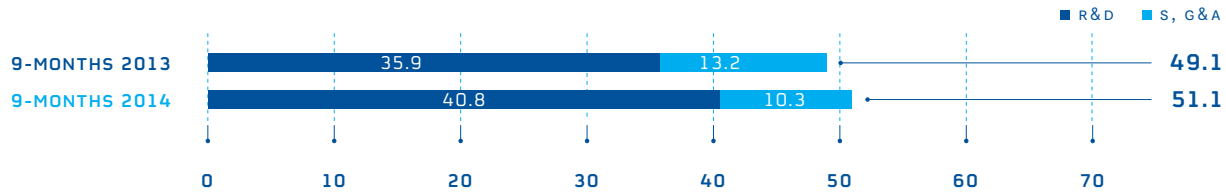
DISTRIBUTION OF R&D EXPENSES (in million €)

	1-9/2014	1-9/2013
R&D Expenses on behalf of Partners	14.7	11.8
Proprietary Development Expenses	24.2	20.8
Technology Development Expenses	1.9	3.3
R&D Total	**40.8**	**35.9**

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES

At a total of € 10.3 million, selling, general, and administrative expenses were below the level of the comparable period of the previous year (1-9/2013: € 13.2 million). These expenses consisted mainly of personnel expenses (1-9/2014: € 7.1 million; 1-9/2013: € 8.2 million), expenses for external services (1-9/2014: € 1.9 million; 1-9/2013: € 2.6 million), expenses for technical infrastructure (1-9/2014: € 0.6 million; 1-9/2013: € 0.9 million), and other expenses (1-9/2014: € 0.6 million; 1-9/2013: € 0.8 million).

DEVELOPMENT OF OPERATING EXPENSES – CONTINUING OPERATIONS (IN € MILLION)*



* Differences due to rounding

Other Income and Expenses

Other income amounted to € 0.7 million (1-9/2013: € 0.6 million) and consisted mainly of currency gains and a reversal in write-downs of accounts receivable impaired in previous years due to payments received. Other expenses amounted to € 0.2 million (1-9/2013: € 0.4 million) and resulted mainly from impairments of receivables and currency losses.

EBIT

Earnings before interest and taxes (EBIT) amounted to € -3.7 million, in comparison to the previous year's EBIT of € 14.6 million. The EBIT of the Partnered Discovery segment was € 18.3 million (1-9/2013: € 22.4 million) while the Proprietary Development segment generated an EBIT of € -12.7 million (1-9/2013: € 2.4 million).

Finance Income and Expenses

Finance income reached € 1.5 million (1-9/2013: € 0.6 million) and mainly comprised interest income and gains from the sale of securities. Finance expenses of € 0.1 million (1-9/2013: € 0.1 million) largely resulted from bank fees.

Taxes

In the first nine months of 2014, the Group's income tax income amounted to € 0.3 million (1-9/2013: income tax expenses € 4.3 million), composed of current tax expenses of € 0.3 million as well as deferred tax income of € 0.6 million.

Profit/Loss for the Period from Continuing Operations

In the first nine months of 2014, continuing operations generated a net loss of € 2.0 million (1-9/2013: net profit of € 10.9 million).

Profit/Loss for the Period from Discontinued Operations

In 2014, the Group did not identify discontinued operations as defined by IFRS 5 and therefore no profit or loss from discontinued operations was recognized in the first nine months of 2014 (1-9/2013: € 6.0 million from the sale of substantially all of the AbD Serotec business to Bio-Rad).

Consolidated Net Profit/Loss for the Period

In the first nine months of 2014, a net loss of € 2.0 million was generated (1-9/2013: net profit of € 16.9 million).

Financial Position

CASH FLOWS

Net cash outflows from operating activities amounted to € 3.3 million in the first nine months of 2014 (1-9/2013: inflow of € 100.8 million). Investment activities resulted in a cash inflow of € 10.4 million (1-9/2013: outflow of € 171.1 million). Financing activities in the first nine months of 2014 produced a cash outflow of € 5.0 million (1-9/2013: inflow of € 129.3 million).

INVESTMENTS

MorphoSys made investments in property, plant, and equipment of € 2.3 million in the first nine months of 2014 (1-9/2013: € 0.5 million), mainly for lab equipment (primarily machines) and computer hardware. At € 1.1 million, depreciation of property, plant, and equipment in the 2014 nine-month period was largely unchanged compared to the previous year period (1-9/2013: € 1.0 million).

In the first nine months of 2014, the Company invested € 16.4 million in intangible assets (1-9/2013: € 3.9 million). These investments were mostly related to the research program in-licensed from Emergent in return for an upfront payment in the amount of US$ 20 million. Amortization of intangible assets amounted to € 2.2 million in the first nine months of 2014 and thus was below the previous year's level (1-9/2013: € 2.5 million). In the third quarter of 2014, an impairment of patents, licenses and laboratory equipment amounting to € 4.1 million (1-9/2013: € 1.0 million) was recognized.

LIQUIDITY

On 30 September 2014, the Company held cash and cash equivalents, marketable securities, and other financial assets in the amount of € 364.3 million, compared to € 390.7 million on 31 December 2013.

This sum consisted of € 74.0 million (31 December 2013 € 71.9 million) in cash and cash equivalents, marketable securities and bonds amounting to € 98.4 million (31 December 2013: € 199.5 million) as well as other financial assets totaling € 191.9 million (31 December 2013: € 119.3 million), which were reported as other receivables within current assets in the category "loans and receivables".

The decline in cash and cash equivalents, marketable securities, and other financial assets by € 26.4 million was mainly a result of the use of cash and cash equivalents for operating activities during the first nine months of 2014 and the payment made to Emergent.

Balance Sheet

ASSETS

On 30 September 2014, total assets amounted to € 434.1 million and were € 13.6 million below the level reported on 31 December 2013 (€ 447.7 million). The decline in current assets by € 25.0 million primarily resulted from the use of cash and cash equivalents for operating activities during the first nine months of 2014.

In comparison to 31 December 2013, non-current assets saw an increase of € 11.4 million, mainly due to the rise in intangible assets under development by € 15.4 million resulting from the payment to Emergent. This was offset by impairment charges of € 4.1 million relating to patents, licenses and laboratory equipment.

LIABILITIES

The rise in current liabilities from € 35.4 million on 31 December 2013 to € 36.5 million on 30 September 2014 primarily arose from the item "accounts payable and accrued expenses" and specifically from the € 4.0 million rise in provisions for external laboratory services. This was partially offset by the decline in personnel-related provisions by € 3.3 million. The decrease in tax liabilities of € 2.2 million was offset by the increase in the current portion of deferred revenue of € 2.3 million.

Non-current liabilities decreased by € 10.4 million in comparison to the level reported on 31 December 2013. This was mainly due to a decline in deferred revenue.

STOCKHOLDERS' EQUITY

On 30 September 2014, stockholders' equity for the Group totaled € 347.8 million in comparison to € 352.1 million on 31 December 2013.

The number of shares issued on 30 September 2014 totaled 26,392,084 of which 25,941,194 shares were outstanding (31 December 2013: 26,220,882 and 25,880,992 shares, respectively).

Compared to 31 December 2013, the number of ordinary shares authorized increased from 2,335,822 to 4,957,910. This resulted from the creation of the new Authorized Capital 2014-I at the Annual General Meeting of 23 May 2014. Meanwhile, the number of ordinary shares of conditional capital decreased from 8,057,470 to 7,231,598 due to the cancellation of Conditional Capital 1999-I amounting to € 70,329 and Conditional Capital 2008/II amounting to € 212,077 and the reduction of Conditional Capital 2003-II from € 725,064 by € 372,264 to € 352,800. A further reduction of Conditional Capital 2003-II of € 171,202 to a total of € 181,598 resulted from the exercise of 171,202 conversion rights during the first nine months of 2014.

As of 30 September 2014, the value of treasury stock increased by € 7,833,944 to € 14,251,962 compared to its level on 31 December 2013 as a result of MorphoSys's repurchase of 111,000 of its own shares on the stock exchange. On 30 September 2014, MorphoSys held 450,890 of its own shares.

Financing

On 30 September 2014, the Company's equity ratio equaled 80% compared to 79% on 31 December 2013. The Company is currently not financed via financial debt.

Risk and Opportunity Report

The risks and opportunities as well as their assessment remain unchanged as compared to the situation described on pages 58 to 67 of the 2013 Annual Report.

Subsequent Events

In October 2014, MorphoSys triggered the acquisition of LanthioPharma’s lanthipeptide technology for drug development by exercising an option within an existing collaboration and option agreement between the two companies from November 2012.

Shortly after the end of the third quarter 2014, MorphoSys received a milestone payment from its partner Janssen Biotech for the start of a phase 3 clinical trial with guselkumab.

Both events will impact the financial statements in Q4 of 2014.

No additional events occurred that require reporting.

Outlook

EXPECTED DEVELOPMENT IN THE LIFE SCIENCES SECTOR

A combination of cost reductions, entering new markets, and acquisitions with the aim of compensating for far-reaching patent losses is paying off for pharmaceutical companies. For the year 2014, industry experts and investors alike expect pharmaceutical manufacturers to see a return to higher revenues. According to the market observer IMS Health, the biopharmaceutical sector is an important growth driver and already accounts for around 23% of the expenditures for statutory health insurance. Acquisitions, especially those involving innovative biotechnology firms, should continue to strengthen the development pipelines and, over the longer term, generate rising profits for the large pharmaceutical companies. The pharmaceutical industry is gaining additional momentum from emerging markets such as Brazil, Russia, India, and China. With growing affluence, higher life expectancy, and improved access to health services in these countries, the number of diagnosed cases of diabetes, hypertension, and cancer, and thus the need for appropriate drugs, is rising.

MorphoSys is ideally positioned in this environment. The pipeline of innovative antibody drug candidates based on the Company's proprietary technologies, developed both independently and in collaboration with partners, is among one of the broadest in the industry and provides for sustainable business success. Thanks to its excellent financial position, MorphoSys is able to continually expand its business activities through investments in proprietary drug and technology development.

FINANCIAL GUIDANCE

MorphoSys's initial financial guidance for the fiscal year 2014 was published on 28 February 2014. MorphoSys expected revenues to range from € 58 million to € 63 million and an EBIT ranging from € -11 million to € -16 million. Investments in proprietary products and technologies were expected to be in the range of € 36 million to € 41 million.

MorphoSys updated its EBIT guidance for 2014 on 22 October 2014, and now expects an EBIT in the range of € -5 million to € -8 million (from previously € -11 million to € -16 million). Reasons for the adjustment were the receipt of a milestone payment from Janssen, which directly affects the profit line, as well as a partial shift of proprietary development expenses to 2015. The Company’s management expects revenues at the upper end of the previously communicated guidance range of € 58 millionto € 63 million.

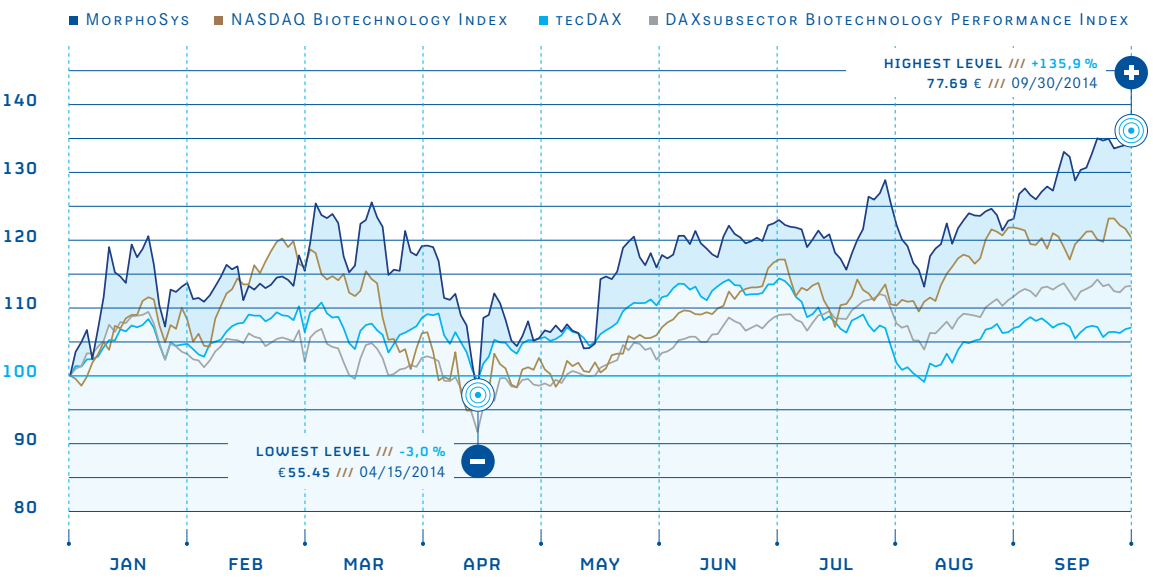
The statements regarding the strategic outlook, the expected operational and human resources developments, future research and development, and the dividend policy made in the 2013 Annual Report on pages 69 to 72 continue to apply.

Share Price Performance

On 22 September 2014, the MorphoSys AG share was included in the broad European market index the STOXX Europe 600. This index includes a set number of 600 individual company shares from 18 European countries. The inclusion in the index depends on the share's liquidity and market capitalization.

In the third quarter of 2014, MorphoSys's share capitalized on its positive start to the 2014 fiscal year and further expanded its performance. At the quarter's end on 30 September 2014, the share closed at its year-to-date high of € 77.69 per share. This represented a price increase of 39.1% and a market capitalization for MorphoSys AG of more than € 2 billion. Thus, MorphoSys's shares outperformed the industry's major benchmark indices. During the first nine months of 2014, the NASDAQ Biotechnology Index climbed 20.7%, the TecDAX rose 7.1%, and the DAX Subsector Biotechnology Performance Index increased 14.9%.

THE MORPHOSYS SHARE (2 JANUARY 2014 = 100 %)



Consolidated Income Statement (IFRS) – (unaudited)

€	Note	Three Months Ended 09/30/2014	Three Months Ended 09/30/2013	Nine Months Ended 09/30/2014	Nine Months Ended 09/30/2013
Continuing Operations:					
Revenues	2	**16,399,454**	**15,358,815**	**46,947,061**	**63,590,890**
Operating Expenses	2				
Research and Development		17,391,592	13,150,628	40,780,763	35,895,473
Selling, General and Administrative		3,603,090	4,822,698	10,349,500	13,246,828
Total Operating Expenses		**20,994,682**	**17,973,326**	**51,130,263**	**49,142,301**
Other Income		455,328	201,593	686,180	620,601
Other Expenses		9,460	269,963	240,328	421,165
Earnings before Interest and Taxes (EBIT)		**(4,149,360)**	**(2,682,881)**	**(3,737,350)**	**14,648,025**
Finance Income		962,368	41,166	1,510,178	613,696
Finance Expenses		11,352	17,958	80,053	76,038
Income Tax Income / (Expenses)		626,631	565,937	299,160	(4,296,341)
Result from Continuing Operations		**(2,571,713)**	**(2,093,736)**	**(2,008,065)**	**10,889,342**
Result from Discontinued Operations		**0**	**(12,427)**	**0**	**5,971,812**
Consolidated Net (Loss) / Profit		**(2,571,713)**	**(2,106,163)**	**(2,008,065)**	**16,861,154**
Basic Net Profit / (Loss) per Share		**(0.10)**	**(0.08)**	**(0.08)**	**0.69**
thereof from Continuing Operations		(0.10)	(0.08)	(0.08)	0.45
thereof from Discontinued Operations		0.00	0.00	0.00	0.24
Diluted Net (Loss) / Profit per Share		**(0.10)**	**(0.08)**	**(0.08)**	**0.68**
thereof from Continuing Operations		(0.10)	(0.08)	(0.08)	0.44
thereof from Discontinued Operations		0.00	0.00	0.00	0.24
Shares Used in Computing Basic Net Result per Share		25,926,944	25,692,619	25,881,815	24,546,256
Shares Used in Computing Diluted Net Result per Share		26,262,421	26,113,148	26,202,586	24,815,427

See accompanying Notes

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

€	Three Months Ended 09/30/2014	Three Months Ended 09/30/2013	Nine Months Ended 09/30/2014	Nine Months Ended 09/30/2013
Consolidated Net (Loss) / Profit	**(2,571,713)**	**(2,106,163)**	**(2,008,065)**	**16,861,154**
Change in Unrealized Gains and Losses on Available-for-sale Financial Assets and Bonds	(634,159)	8,427	(358,459)	(427,481)
(Thereof Reclassifications of Unrealized Gains and Losses to Profit and Loss)	(544,222)	(3,216)	(356,096)	(483,148)
Change of Current Tax Effect on Fiscal Balancing Item on Available-for-sale Financial Assets and Bonds	241,437	0	241,437	0
Deferred Taxes	(98,602)	(2,219)	(164,282)	112,556
Change in Unrealized Gains and Losses on Available-for-sale Financial Assets and Bonds, Net of Deferred Taxes	(491,324)	6,208	(281,304)	(314,925)
Effects from Equity-related Recognition of Deferred Taxes	0	0	0	28,098
Foreign Currency Gains from Consolidation	77,172	18,210	101,237	1,310,969
Comprehensive Income	**(2,985,865)**	**(2,081,745)**	**(2,188,132)**	**17,885,296**
thereof from Continuing Operations	(2,985,865)	(2,081,745)	(2,188,132)	16,508,617
thereof from Discontinued Operations	0	0	0	1,376,679

Consolidated Balance Sheet (IFRS)

€	Note	30 September 2014 (unaudited)	31 Dec. 2013 (audited)
ASSETS			
Current Assets			
Cash and Cash Equivalents		74,009,464	71,873,696
Available-for-sale Financial Assets		93,404,163	188,360,354
Bonds, Available-for-sale		4,979,250	11,102,087
Accounts Receivable		13,441,979	10,270,322
Income Tax Receivables		690,760	77,743
Other Receivables	3	191,985,326	119,458,330
Inventories, Net		544,702	731,009
Prepaid Expenses and Other Current Assets		2,493,700	4,693,943
Total Current Assets		**381,549,344**	**406,567,484**
Non-current Assets			
Property, Plant and Equipment, Net		3,390,368	2,168,189
Patents, Net		7,246,598	7,834,711
Licenses, Net		547,674	5,396,516
Intangible Assets under Development		28,254,201	12,807,800
Software, Net		1,887,999	1,758,026
Goodwill		7,352,467	7,352,467
Shares, Available-for-Sale, Net of Current Portion		1,726,633	1,726,633
Deferred Tax Asset		977,028	313,372
Prepaid Expenses and Other Assets, Net of Current Portion		1,143,298	1,731,548
Total Non-current Assets		**52,526,266**	**41,089,262**
TOTAL ASSETS		**434,075,610**	**447,656,746**

See accompanying Notes

€	Note	30 September 2014 (unaudited)	31 Dec. 2013 (audited)
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts Payable and Accrued Expenses		18,441,198	17,190,021
Tax Liabilities		450,293	2,690,282
Provisions		45,256	260,000
Current Portion of Deferred Revenue		17,604,060	15,266,877
Total Current Liabilities		**36,540,807**	**35,407,180**
Non-current Liabilities			
Provisions, Net of Current Portion		966,199	636,941
Deferred Revenue, Net of Current Portion		48,189,926	59,168,599
Convertible Bonds Due to Related Parties		273,047	298,606
Deferred Tax Liability		262,231	0
Total Non-current Liabilities		**49,691,403**	**60,104,146**
Total Liabilities		**86,232,210**	**95,511,326**
Stockholders' Equity			
Common Stock	5	26,392,084	26,220,882
Ordinary Shares Issued (26,392,084 and 26,220,882 for 2014 and 2013, respectively)			
Ordinary Shares Outstanding (25,941,194 and 25,880,992 for 2014 and 2013, respectively)			
Treasury Stock (450,890 and 339,890 shares for 2014 and 2013, respectively), at Cost	5	(14,251,962)	(6,418,018)
Additional Paid-in Capital	5	316,512,505	310,963,651
Revaluation Reserve	5	(40,923)	240,381
Translation Reserve	5	293,793	192,556
Accumulated Income		18,937,903	20,945,968
Total Stockholders' Equity		**347,843,400**	**352,145,420**
Total Liabilities and Stockholders' Equity		**434,075,610**	**447,656,746**

See accompanying Notes

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

	Common Stock	
	Shares	**€**
Balance as of 1 January 2013	**23,358,228**	**23,358,228**
Compensation Related to the Grant of Stock Options and Convertible Bonds	0	0
Exercise of Options and Convertible Bonds Issued to Related Parties, Net of Issuance Costs of € 11,419 (Net of Tax Effects)	441,565	441,565
Repurchase Treasury Stock	0	0
Capital Increase, Net of Issuance Cost of € 1,635,686 (Net of Tax Effects)	2,311,216	2,311,216
Reserves:		
Change in Unrealized Gain on Available-for-sale Financial Assets, Net of Deferred Taxes	0	0
Effects from Equity-related Recognition of Deferred Taxes	0	0
Foreign Currency Gains and Losses from Consolidation	0	0
Consolidated Net Profit for the Period	0	0
Comprehensive Income	0	0
Balance as of 30 September 2013	**26,111,009**	**26,111,009**
Balance as of 1 January 2014	**26,220,882**	**26,220,882**
Compensation Related to the Grant of Stock Options and Convertible Bonds	0	0
Exercise of Options and Convertible Bonds Issued to Related Parties	171,202	171,202
Repurchase Treasury Stock	0	0
Reserves:		
Change in Unrealized Gain on Available-for-sale Financial Assets, Net of Deferred Taxes	0	0
Effects from Equity-related Recognition of Deferred Taxes	0	0
Effects from Equity-related Recognition of Current Taxes	0	0
Foreign Currency Gains and Losses from Consolidation	0	0
Consolidated Net Profit for the Period	0	0
Comprehensive Income	0	0
Balance as of 30 September 2014	**26,392,084**	**26,392,084**

See accompanying Notes

	Treasury Stock Shares	Treasury Stock €	Additional Paid-in Capital €	Revaluation Reserve €	Translation Reserve €	Accumulated Income €	Total Stockholders' Equity €
	255,415	**(3,594,393)**	**175,245,266**	**486,743**	**(1,109,865)**	**7,624,038**	**202,010,017**
	0	0	3,692,085	0	0	0	3,692,085
	0	0	5,308,970	0	0	0	5,750,535
	84,475	(2,823,625)	0	0	0	0	(2,823,625)
	0	0	124,432,269	0	0	0	126,743,485
	0	0	0	(314,925)	0	0	(314,925)
	0	0	0	28,098	0	0	28,098
	0	0	0	0	1,310,969	0	1,310,969
	0	0	0	0	0	16,861,154	16,861,154
	0	0	0	(286,827)	1,310,969	16,861,154	17,885,296
	339,890	**(6,418,018)**	**308,678,590**	**199,916**	**201,104**	**24,485,192**	**353,257,793**
	339,890	**(6,418,018)**	**310,963,651**	**240,381**	**192,556**	**20,945,968**	**352,145,420**
	0	0	2,845,574	0	0	0	2,845,574
	0	0	2,703,280	0	0	0	2,874,482
	111,000	(7,833,944)	0	0	0	0	(7,833,944)
	0	0	0	(281,304)	0	0	(281,304)
	0	0	0	(241,437)	0	0	(241,437)
	0	0	0	241,437	0	0	241,437
	0	0	0	0	101,237	0	101,237
	0	0	0	0	0	(2,008,065)	(2,008,065)
	0	0	0	(281,304)	101,237	(2,008,065)	(2,188,132)
	450,890	**(14,251,962)**	**316,512,505**	**(40,923)**	**293,793**	**18,937,903**	**347,843,400**

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

For the Period Ended 30 September (in €)	**Note**	**2014**	**2013**
Operating Activities:			
Consolidated Net (Loss) / Profit		(2,008,065)	16,861,154
Adjustments to Reconcile Net Profit to Net Cash Cash (Used in) / Provided by Operating Activities:			
Impairment of Assets		4,092,843	1,044,751
Depreciation and Amortization of Tangible and Intangible Assets		3,261,694	3,532,823
Net Gain on Sales of Financial Assets		(740,302)	(508,088)
Purchases of Derivative Financial Instruments		(15,820)	(22,800)
Unrealized Net Loss on Derivative Financial Instruments		4,994	15,617
(Gain) / Loss on Sale of Property, Plant and Equipment		(4,897)	3,129
Loss from Liquidation of Subsidiaries		76,489	0
Net Gain on Sale of Assets and Liabilities of Disposal Group Classified as Held for Sale		0	(8,000,712)
Recognition of Deferred Revenue		(26,504,816)	(16,308,316)
Stock-based Compensation	8	3,174,832	4,085,717
Income Tax (Income) / Expenses		(299,160)	4,664,592
Changes in Operating Assets and Liabilities:			
Accounts Receivable		(3,171,657)	(739,463)
Prepaid Expenses, Other Assets and Tax Receivables		1,532,975	(527,551)
Accounts Payable and Accrued Expenses and Provisions		(791,819)	5,489,186
Other Liabilities		128,452	53,516
Deferred Revenue		17,863,327	91,860,930
Interest Paid		(11,408)	(21,089)
Interest Received		615,987	96,982
Income Taxes Paid		(507,137)	(816,157)
Net Cash (Used in) / Provided by Operations		**(3,303,489)**	**100,764,221**
thereof from Continuing Operations		(3,303,489)	102,587,363
thereof from Discontinued Operations		0	(1,823,142)

See accompanying Notes

in €	Note	2014	2013
Investing Activities:			
Purchases of Financial Assets		(81,685,038)	(175,563,295)
Proceeds from Sales of Financial Assets		177,131,645	69,265,822
Purchase of Bonds, Available-for-Sale	3	0	(11,138,742)
Proceeds from Sales of Bonds, Available-for-Sale	3	6,156,203	0
Purchase of Assets Classified as Loans and Receivables		(191,635,544)	(104,980,807)
Sale of Assets Classified as Loans and Receivables	3	114,480,928	19,995,413
Purchase of Shares Classified as Available for Sale	3	0	(845,000)
Purchases of Property, Plant and Equipment		(2,337,535)	(547,945)
Proceeds from Disposals of Property, Plant and Equipment		5,000	5,950
Additions to Intangibles		(16,378,699)	(3,896,443)
Sale of Assets and Liabilities of Disposal Group Classified as Held for Sale		0	36,580,716
Proceeds from Closing of an Escrow Account		4,686,883	0
Net Cash Provided by / (Used in) Investing Activities		**10,423,843**	**(171,124,331)**
thereof from Continuing Operations		10,423,843	(207,705,047)
thereof from Discontinued Operations		0	36,580,716
Financing Activities:			
Repurchase Treasury Stock	5	(7,833,944)	(2,823,625)
Net Cost of Share Issuance		0	128,379,156
Proceeds from the Exercise of Options and Convertible Bonds Granted to Related Parties	5	2,874,482	5,762,091
Net of Proceeds and Payments from the Issuance of Convertible Bonds Granted to Related Parties		(25,560)	225,000
Cost of Share Issuance		0	(2,235,789)
Net Cash (Used in) / Provided by Financing Activities		**(4,985,022)**	**129,306,833**
thereof from Continuing Operations		(4,985,022)	129,306,833
thereof from Discontinued Operations		0	0
Effect of Exchange Rate Differences on Cash		436	4,161
Increase in Cash and Cash Equivalents		2,135,768	58,950,884
Cash and Cash Equivalents at the Beginning of the Period		**71,873,696**	**45,970,840**
thereof included in Cash and Cash Equivalents		71,873,696	40,689,865
thereof included in Assets of Disposal Group Classified as Held for Sale		0	5,280,975
Cash and Cash Equivalents at the End of the Period		**74,009,464**	**104,921,724**

See accompanying Notes

Notes (unaudited)

MorphoSys AG ("the Company" or "MorphoSys") is one of the leading antibody companies focused on the research and development of fully human antibodies. MorphoSys's proprietary state-of-the-art technologies and its over 20 years of focused antibody research and optimization expertise are successfully applied to the development of therapeutics for its commercial partners and proprietary use. 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 office of the MorphoSys Group is located at Lena-Christ-Str. 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 interpretations of the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) as applied by the European Union. These interim consolidated financial statements are in compliance with IAS 34 "Interim Financial Reporting".

The condensed interim consolidated financial statements do not contain all of the information and disclosures required for consolidated financial statements at the end of the financial year and therefore should be read in conjunction with the consolidated financial statements dated 31 December 2013.

The condensed interim consolidated financial statements were approved for publication on 7 November 2014.

The consolidated financial statements as of 30 September 2014 comprise MorphoSys AG, Sloning BioTechnology GmbH, and Poole Real Estate Ltd. (formerly Biogenesis UK Ltd.), collectively as the "Group".

Upon entry in the commercial register on 13 August 2014 and based on the merger agreement dated 27 June 2014, MorphoSys IP GmbH, as the transferring legal entity, was merged into MorphoSys AG, as the acquiring legal entity, with the effective date of 1 January 2014.

MorphoSys USA, Inc. was liquidated as of 30 September 2014. The remaining assets were distributed to MorphoSys AG as the sole shareholder.

On 30 September 2014, 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 of 31 December 2013 were also applied to the first nine months of 2014 and may be found on our website at www.morphosys.com/financial-reports. The following standards, which were mandatorily applicable for the first time on 1 January 2014, are exceptions to this principle. The following explains the nature and effect of the new standards.

- IFRS 10 "Consolidated Financial Statements": This standard replaces the provisions for Group accounting contained in the previous IAS 27 "Consolidated and Separate Financial Statements" and includes issues which were previously regulated in SIC-12 "Consolidation – Special Purpose Entities". Thus, in the future, IAS 27 will only deal with provisions for separate financial statements and is referred to as "Separate Financial Statements". IFRS 10 introduces a single consolidation model for all entities on the basis of control. Control only exists when the following three criteria are cumulatively fulfilled: (a) an investor has control over the investee; (b) the investor has a risk exposure or rights to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of its returns from the investee. The first-time application of IFRS 10 has no impact on the consolidation of the Group's investments. Therefore, the scope of consolidation remains unchanged.
- IFRS 11 "Joint Arrangements": IFRS 11 introduces new accounting provisions for joint arrangements and replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". A joint arrangement is defined as a contractual arrangement whereby two or more parties exercise joint control. IFRS 11 differentiates between just two types of joint arrangements – joint operations and joint ventures. The classification now adopts an economic approach focused on the type of rights and obligations arising from the agreement. Jointly controlled assets are abolished by IFRS 11. In addition, the previous option of applying the proportionate consolidation method for joint ventures was rescinded. In the future, these entities will only be included in the consolidated financial statements using the equity method. On 30 September 2014, the Group was not involved in any joint ventures and thus IFRS 11 does not apply to the MorphoSys Group.
- IFRS 12 "Disclosure of Interests in Other Entities": IFRS 12 describes the disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associated companies, and structured entities. The disclosure requirements are more extensive than the requirements of the previous provisions. None of these disclosure requirements apply to condensed interim consolidated financial statements unless material events and transactions in the interim period require their disclosure. Consequently, the Group has made no such disclosures on 30 September 2014.
- Amendments to IFRS 10 "Consolidated Financial Statements ", IFRS 12 "Disclosure of Interests in Other Entities", and IAS 27 "Separate Financial Statements" – Investment Entities: The amendments provide an exception to the consolidation requirement for entities that meet the requirements of an investment entity under IFRS 10. This exception requires that investment entities be assessed at fair value through profit or loss. These changes have no impact on the Group since none of the Group companies are an investment entity as defined by IFRS 10.
- Amendments to the transitional provisions of IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements", and IFRS 12 "Disclosure of Interests in Other Entities": The amendments clarify that the date of the first-time adoption of IFRS 10 is the first day of the financial year of the first-time adoption. Therefore, for the MorphoSys Group, this date is 1 January 2014. Moreover,

provisions under IFRS 12 regarding disclosures in the notes have been amended. These were observed by the MorphoSys Group.

- IAS 27 "Separate Financial Statements": IAS 27 (revised 2011) contains the remaining provisions applying to the separate financial statements following the inclusion of former IAS 27 provisions regarding consolidation in the new IFRS 10 "Consolidated Financial Statements". In addition, changes to IFRS 12 also have an impact on IAS 27. The Group companies do not prepare separate financial statements that comply with International Financial Reporting Standards. Therefore, IAS 27 has no impact on companies of the MorphoSys Group.
- IAS 28 "Investments in Associates": IAS 28 (revised 2011) contains provisions regarding interests in joint ventures and associated entities that are being assessed solely based on the equity method pursuant to IFRS 11. For the first time, additional amendments to IAS 28 require that in the case of a planned partial sale of associated companies or joint ventures, the interest held for sale must be accounted for pursuant to IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations" provided the classification requirements of IFRS 5 are met. On 30 September 2014, the Group was not involved in any associated companies; therefore, the first-time adoption of IAS 28 has no impact on the interim consolidated financial statements.
- IAS 32 "Financial Instruments – Presentation": IAS 32 governs the presentation and disclosure of all types of financial instruments. With the amendments to IAS 32, which took effect on 1 January 2014, the requirements for offsetting financial assets and financial liabilities have been revised. This revision did not result in any changes to the Group's balance sheet dated 30 September 2014.
- Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets": The inadvertently broad amendments to IAS 36, which were evoked by IFRS 13 with regard to disclosures on the recoverable amount of cash generating units, were corrected by the amendments to IAS 36. Thus, disclosures in relation to the recoverable amount of impaired assets are only required if the recoverable amount was determined on the basis of its fair value less costs to sell. Further amendments to IAS 36 also relate to disclosure requirements with regard to fair value if the recoverable amount is based on the fair value less costs to sell. On 30 September 2014, the Group did not have any impaired assets that were measured at fair value less costs to sell. Therefore, the amendments to IAS 36 have no effect.
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement": On 27 June 2013, the IASB adopted the "Novation of Derivatives and Continuation of Hedge Accounting", which is applicable to financial years beginning on or after 1 January 2014. On 30 September 2014, the Group had not performed any novation for derivatives due to legal or regulatory requirements. Therefore, there is no impact on the Group.
- IFRIC 21 "Levies": The interpretation is applicable to all levies to a governmental institution under the legislation which do not represent payments in the scope of other standards (e.g., IAS 12 "Income Taxes"), fines, or other penalties for a violation of legal regulations. On 30 September 2014, or on any previous reporting dates, the Group was not obliged to pay any such levies. Therefore, this interpretation has no effect on the consolidated financial statements.

The Group has not applied any standard, interpretation, or amendment in advance that was published, but not yet effective.

2 Segment Reporting

The MorphoSys Group applies IFRS 8 "Operating Segments". 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 management structure of the Group and the internal reporting structure. The segment results include items that can either be directly attributed to a specific segment or can be allocated to the segments on a reasonable basis. Inter-segment pricing is determined on an arm's length basis according to Group policy.

The Group consists of the following operating segments.

PARTNERED DISCOVERY

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

PROPRIETARY DEVELOPMENT

This segment comprises all of the activities relating to the proprietary development of therapeutic antibodies. Presently, the activities of this segment comprise the clinical development of the proprietary program MOR208, the co-development of MOR202 with Celgene, as well as completion of the clinical development of MOR103 in multiple sclerosis as part of the licensing agreement with GSK. In addition, MorphoSys is pursuing additional programs in earlier stages in proprietary development or as co-development.

ABD SEROTEC

Until the sale of substantially all of the AbD Serotec business to Bio-Rad came into effect on 10 January 2013, the AbD Serotec segment utilized the HuCAL technology for the tailored generation of research antibodies and generated revenues with catalogue antibodies and the production of antibodies in industrial quantities. With the disposal of substantially all of the segment, the quantitative and qualitative criteria of IFRS 8.12ff were no longer fulfilled so that this segment was no longer a reportable segment under IFRS 8.11. In 2013, the results generated by the AbD Serotec segment until 10 January 2013 were shown within "Unallocated".

For the Nine Months Period Ended 30 September (in 000's €)	Partnered Discovery		Proprietary Development	
	2014	**2013**	**2014**	**2013**
External Revenues	35,472	40,543	11,475	23,040
Inter-segment Revenues	0	0	0	0
Revenues, total	**35,472**	**40,543**	**11,475**	**23,040**
Cost of Goods Sold	0	0	0	0
Other Operating Expenses	17,213	18,163	24,190	20,821
Inter-segment Costs	0	0	0	0
Total Operating Expenses	**17,213**	**18,163**	**24,190**	**20,821**
Other Income	15	72	56	136
Other Expenses	0	102	0	0
Segment EBIT	**18,274**	**22,350**	**(12,659)**	**2,355**
Finance Income	0	0	0	0
Finance Expenses	0	0	0	0
Other Income from Sale of Assets and Liabilities of Disposal Group Classified as Held for Sale	0	0	0	0
Profit before Taxes	**18,274**	**22,350**	**(12,659)**	**2,355**
Income Tax Income / (Expenses)	0	0	0	0
Income Tax Expenses in connection with the Sale of Assets and Liabilities of the Disposal Group Classified as Held for Sale	0	0	0	0
Consolidated Net (Loss) / Profit	**18,274**	**22,350**	**(12,659)**	**2,355**

For the Three Months Period Ended 30 September (in 000's €)	Partnered Discovery		Proprietary Development	
	2014	**2013**	**2014**	**2013**
External Revenues	12,624	12,612	3,776	2,746
Inter-segment Revenues	0	0	0	0
Revenues, total	**12,624**	**12,612**	**3,776**	**2,746**
Cost of Goods Sold	0	0	0	0
Other Operating Expenses	7,034	5,739	10,562	8,646
Inter-segment Costs	0	0	0	0
Total Operating Expenses	**7,034**	**5,739**	**10,562**	**8,646**
Other Income	11	26	15	37
Other Expenses	(170)	102	0	0
Segment EBIT	**5,771**	**6,797**	**(6,771)**	**(5,863)**
Finance Income	0	0	0	0
Finance Expenses	0	0	0	0
Other Income from Sale of Assets and Liabilities of Disposal Group Classified as Held for Sale	0	0	0	0
Profit before Taxes	**5,771**	**6,797**	**(6,771)**	**(5,863)**
Income Tax Income / (Expenses)	0	0	0	0
Income Tax Expenses in connection with the Sale of Assets and Liabilities of the Disposal Group Classified as Held for Sale	0	0	0	0
Consolidated Net (Loss) / Profit	**5,771**	**6,797**	**(6,771)**	**(5,863)**

* Differences due to rounding

Unallocated		Elimination		Group		thereof from Discontinued Operations		thereof from Continuing Operations	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
0	610	0	0	46,947	64,193	0	603	46,947	63,590
0	0	0	0	0	0	0	0	0	0
0	**610**	**0**	**0**	**46,947**	**64,193**	**0**	**603**	**46,947**	**63,590**
0	158	0	0	0	158	0	147	0	11
9,727	12,265	0	0	51,130	51,249	0	2,118	51,130	49,131
0	0	0	0	0	0	0	0	0	0
9,727	**12,423**	**0**	**0**	**51,130**	**51,407**	**0**	**2,265**	**51,130**	**49,142**
615	424	0	0	686	632	0	11	686	621
240	321	0	0	240	423	0	2	240	421
(9,352)	**(11,710)**	**0**	**0**	**(3,737)**	**12,995**	**0**	**(1,653)**	**(3,737)**	**14,648**
1,510	613	0	0	1,510	613	0	0	1,510	613
80	80	0	0	80	80	0	4	80	76
0	8,001	0	0	0	8,001	0	8,001	0	0
(7,922)	**(3,176)**	**0**	**0**	**(2,307)**	**21,529**	**0**	**6,344**	**(2,307)**	**15,185**
299	(4,331)	0	0	299	(4,331)	0	(35)	299	(4,296)
0	(337)	0	0	0	(337)	0	(337)	0	0
(7,623)	**(7,844)**	**0**	**0**	**(2,008)**	**16,861**	**0**	**5,972**	**(2,008)**	**10,889**

Unallocated		Elimination		Group		thereof from Discontinued Operations		thereof from Continuing Operations	
2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
0	0	0	0	16,400	15,358	0	0	16,400	15,358
0	0	0	0	0	0	0	0	0	0
0	**0**	**0**	**0**	**16,400**	**15,358**	**0**	**0**	**16,400**	**15,358**
0	11	0	0	0	11	0	0	0	11
3,398	3,591	0	0	20,994	17,976	0	3	20,994	17,973
0	0	0	0	0	0	0	0	0	0
3,398	**3,602**	**0**	**0**	**20,994**	**17,987**	**0**	**3**	**20,994**	**17,984**
429	(40)	0	0	455	23	0	(1)	455	24
180	(10)	0	0	10	92	0	0	10	92
(3,149)	**(3,632)**	**0**	**0**	**(4,149)**	**(2,698)**	**0**	**(4)**	**(4,149)**	**(2,694)**
962	41	0	0	962	41	0	0	962	41
11	17	0	0	11	17	0	0	11	17
0	0	0	0	0	0	0	0	0	0
(2,198)	**(3,608)**	**0**	**0**	**(3,198)**	**(2,674)**	**0**	**(4)**	**(3,198)**	**(2,670)**
626	566	0	0	626	566	0	0	626	566
0	2	0	0	0	2	0	2	0	0
(1,572)	**(3,040)**	**0**	**0**	**(2,572)**	**(2,106)**	**0**	**(2)**	**(2,572)**	**(2,104)**

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

For the Period Ended 30 September (in 000's €)	**2014**	**2013**
Germany	535	4
Other Europe and Asia	33,606	58,670
USA and Canada	12,806	4,916
Total from Continuing Operations	**46,947**	**63,590**
Total from Discontinued Operations	**0**	**603**
Total	**46,947**	**64,193**

3 Financial Instruments

On 30 September 2014, an amount of € 93.4 million (31 December 2013: € 188.4 million) was invested in various money-market funds. A total of € 5.0 million (31 December 2013: € 11.1 million) was invested in two variable-interest money-market bonds. These instruments were allocated to the category "available for sale" in accordance with IAS 39 "Financial Instruments".

On 30 September 2014, the Company held short-term financial assets totaling € 191.9 million (31 December 2013: € 119.3 million) under the line item "other receivables", which were to be allocated to the category "loans and receivables". A share of € 4.7 million of the purchase price for the divested AbD Serotec business held in an escrow account was released during the third quarter of 2014.

MorphoSys regularly enters into foreign currency options and forward contracts to hedge foreign exchange exposure. On 30 September 2014, one option contract with a total nominal value of US$ 1.6 million was still outstanding (31 December 2013: no outstanding option contracts). An unrealized gain from this contract in the amount of € 226 was recognized in profit and loss in the first nine months of 2014.

4 Fair Value Measurement

MorphoSys uses the following hierarchy to determine and disclose the fair value of financial instruments.

Level 1: Quoted (unadjusted) prices on 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 (that is, as prices) or indirectly (that is, derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, 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 upon quoted market prices (hierarchy Level 1, quoted prices in active markets). There were no financial assets or liabilities allocated to hierarchy Levels 2 or 3. There were no transfers from one fair value hierarchy level to another carried out in either 2014 or 2013.

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

30 September 2014	Note	Loans and Receivables	Available for Sale	Other Financial Liabilities	Total Carrying Amount	Fair value
(in 000's €)						
Cash and Cash Equivalents		74,009	0	0	74,009	74,009
Accounts Receivable		13,442	0	0	13,442	*
Forward Exchange Contracts Used for Hedging		11	0	0	11	11
Other Receivables	3	191,974	0	0	191,974	191,974
Shares, Available-for-Sale, Net of Current Portion		0	1,727	0	1,727	*
Available-for-sale Financial Assets	3	0	93,404	0	93,404	93,404
Bonds, Available-for-sale	3	0	4,979	0	4,979	4,979
		279,436	**100,110**	**0**	**379,546**	**364,377**
Convertible Bonds - Liabilitiy Component		0	0	(273)	(273)	(273)
Accounts Payable and Accrued Expenses		0	0	(18,441)	(18,441)	(18,441)
		0	**0**	**(18,714)**	**(18,714)**	**(18,714)**

* Disclosure waived in accordance with IFRS 7.29 (a)

31 December 2013	Note	Loans and Receivables	Available for Sale	Other Financial Liabilities	Total Carrying Amount	Fair value
(in 000's €)						
Cash and Cash Equivalents		71,874	0	0	71,874	71,874
Accounts Receivable		10,270	0	0	10,270	*
Other Receivables	3	119,458	0	0	119,458	119,458
Shares, Available-for-Sale, Net of Current Portion		0	1,727	0	1,727	*
Available-for-sale Financial Assets	3	0	188,360	0	188,360	188,360
Bonds, Available-for-sale	3	0	11,102	0	11,102	11,102
		201,602	**201,189**	**0**	**402,791**	**390,794**
Convertible Bonds - Liabilitiy Component		0	0	299	(299)	(299)
Accounts Payable and Accrued Expenses		0	0	17,190	(17,190)	(17,190)
		0	**0**	**(17,489)**	**(17,489)**	**(17,489)**

* Disclosure waived in accordance with IFRS 7.29 (a)

5 Changes in Stockholder's Equity

COMMON STOCK

On 30 September 2014, the Company's common stock amounted to € 26,392,084 (31 December 2013: € 26,220,882).

As of 30 September 2014, the value of treasury stock increased from € 6,418,018 on 31 December 2013 to € 14,251,962 as a result of MorphoSys's repurchase of 111,000 of its own shares on the stock exchange at an average price of € 70.53 per share. The treasury stock may be used for all purposes named in the authorization of the Annual General Meeting on 19 May 2011 and especially for any existing or future employee participation schemes and/ or to finance acquisitions. The shares may also, however, be redeemed.

AUTHORIZED CAPITAL

The number of authorized ordinary shares increased to 4,957,910 compared to 2,335,822 on 31 December 2013. This was the result of new Authorized Capital 2014-I created at the Annual General Meeting on 23 May 2014. With the Supervisory Board's consent, the Management Board is authorized to increase the Company's common stock on one or more occasions by up to € 2,622,088 by issuing up to 2,622,088 new, no-par value bearer shares up to and including the date of 30 April 2019.

CONDITIONAL CAPITAL

The number of ordinary shares of conditional capital decreased to 7,231,598 compared to 8,057,470 on 31 December 2013. At the Annual General Meeting on 23 May 2014, the Conditional Capital 1999-I in the amount of € 70,329 and the Conditional Capital 2008/II in the amount of € 212,077 were cancelled. Conditional Capital 2003-II was reduced by € 372,264 from € 725,064 to € 352,800. A further reduction of Conditional Capital 2003-II of € 171,202 to a total of € 181,598 resulted from the exercise of 171,202 conversion rights during the first nine months of 2014.

ADDITIONAL PAID-IN CAPITAL

On 30 September 2014, additional paid-in capital amounted to € 316,512,505 (31 December 2013: € 310,963,651). The increase of € 5,548,854 arose from exercised conversion rights and from personnel expenses resulting from share-based payments.

REVALUATION RESERVE

On 30 September 2014, the revaluation reserve amounted to € -40,923 (31 December 2013: € 240,381). The decrease of € 281,304 resulted from a change in unrealized gains from available-for-sale securities and bonds.

TRANSLATION RESERVE

During the first nine months of the year, the translation reserve increased by € 101,237 from € 192,556 on 31 December 2013 to € 293,793. This item included exchange differences arising from the revaluation of financial statements carried in foreign currencies by Group companies, as well as differences between the exchange rates used in the balance sheet and those used in the income statement.

6 Changes in Stock Options, Convertible Bonds, and Performance Shares

No stock options or convertible bonds were issued to the Management Board, the Senior Management Group, or the employees in the first nine months of 2014. In April 2014, 32,513 performance shares were granted to the Management Board and the Senior Management Group under the fourth long-term incentive program (LTI Plan). Further details may be found under item 7.

7 Long-term Incentive Program

On 1 April 2014, MorphoSys established its fourth long-term incentive plan (LTI plan) for the Management Board and the Senior Management Group. According to IFRS 2, the program is considered a share-based payment program with settlement in equity instruments and is accounted for accordingly. The LTI plan is a performance-related share plan and will be paid out in ordinary shares of MorphoSys AG if predefined key performance criteria have been achieved. These criteria are assessed annually by the Supervisory Board. The grant date was 1 April 2014 and the vesting/ performance period is four years. If the predefined key performance criteria for the respective period have been fully achieved, 25% of the performance shares will become vested in each year of the four-year vesting period. The annual number of vested shares shall be reduced to the extent that the performance criteria of the relevant year have been fulfilled between 50% and 99% (<100%), and increased to the extent that the performance criteria were met by more than 100% (maximum 200%). If in one year the specified performance criteria are achieved by less than 50%, then "0" shares will become vested in that year. In any case, the maximum pay-out at the end of the four-year period is limited by a factor determined by the Group which generally amounts to "1". However, in justified cases, if the level of payment is deemed unreasonable in view of the general development of the Company, the Supervisory Board may set this factor freely between "0" and "2". In any case, the right to receive a certain allocation of shares under the LTI plan only occurs at the end of the four-year vesting/ performance period.

If the number of repurchased shares is not sufficient to service the LTI plan, MorphoSys reserves the right to pay a certain amount of the LTI plan in cash equal to the value of the performance shares at the end of the vesting period, provided the cash amount does not exceed 200% of the fair value of the performance shares on the grant date.

If a member of the Management Board ceases to hold an office within the MorphoSys Group by reason of termination (or if the Management Board member terminates the employment contract), resignation, death, injury, disability, or by reaching the retirement age (receipt of a customary retirement pension, early-retirement pension, or disability pension, provided the requirements for the disability pension entitlement are met) or under other circumstances subject to the Supervisory Board's discretion, then the Management Board member (or his/her heirs) is entitled to performance shares determined on a precise daily pro-rata basis.

If a member of the Management Board ceases to hold an office within the MorphoSys Group for good reason within the meaning of § 626 Para. 2 of the German Civil Code (BGB) and/ or within the meaning of § 84 Para. 3 of the German Stock Corporation Act (AktG), the beneficiary shall not be entitled to an allocation of performance shares.

If a change of control occurs during the four-year vesting period, all performance shares shall become fully vested. However, in this case, the right to receive a certain allocation of shares from the LTI plan only occurs at the end of the four-year vesting period.

In March 2014, MorphoSys repurchased 111,000 of its own shares on the stock exchange at an average price of € 70.53 per share. The treasury shares may be used for all purposes named in the authorization of the Annual General Meeting on 19 May 2011 and particularly for any existing or future employee participation schemes and/ or to finance acquisitions. However, they may also be redeemed. A total of 32,513 of these shares were granted to beneficiaries on 1 April 2014, namely 18,264 were granted to the Management Board (further details may be found in the table titled "Performance Shares" in item 10 "Directors' Dealings") and 14,249 shares were granted to the Senior Management Group. The fair value of the performance shares as of the grant date (1 April 2014) was € 67.30 per share. No dividends were taken into account in determining the fair value of the repurchased shares since the Group does not intend to pay dividends in the foreseeable future. From the grant date until 30 September 2014, no beneficiaries have left MorphoSys nor have any performance shares lapsed. For the calculation of the personnel expenses resulting from share-based payments under the LTI program 2014, it was assumed that one beneficiary will leave the Company during the four-year period.

8 Personnel Expenses Resulting from Share-Based Payments

In the first nine months of 2014, personnel expenses resulting from share-based payments totaling € 3.2 million were recognized in the income statement (1-9/2013: € 4.1 million). This amount was comprised of € 2.9 million in share-based payments settled with equity instruments, of which personnel expenses in the amount of € 1.6 million were related to performance shares from LTI programs. Additional personnel expenses of € 0.3 million resulted from cash settled share-based payments in connection with stock appreciation rights.

The decline in the total of personnel expenses recognized is related to the modifications carried out in financial year 2013 for the 2011 and 2012 LTI programs. The vesting periods were modified so that the beneficiaries' claims from the 2011 LTI program become vested by one quarter on a yearly basis. However, in the case of the 2012 LTI program, claims become vested on a pro-rata temporis basis. With this modification, changes in the interpretation and development of the labor law were taken into account. As a result of the modification, expenses are recognized comparatively earlier within the four-year period resulting in a decline in personnel expenses in 2014 compared to the previous year.

9 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 stock options, convertible bonds, and performance shares to members of the Management Board.

The tables below show the shares, stock options, convertible bonds, and performance shares held by members of the Management Board and Supervisory Board, as well as any changes in their ownership in the first nine months of 2014.

SHARES

	01/01/14	Additions	Forfeitures	Sales	09/30/14
Management Board					
Dr. Simon E. Moroney	452,885	0	0	0	452,885
Jens Holstein	6,500	0	0	4,500	2,000
Dr. Arndt Schottelius	2,000	33,000	0	33,000	2,000
Dr. Marlies Sproll	27,370	0	0	0	27,370
Total	**488,755**	**33,000**	**0**	**37,500**	**484,255**
Supervisory Board					
Dr. Gerald Möller	9,000	0	0	0	9,000
Dr. Walter Blättler	2,019	0	0	0	2,019
Dr. Daniel Camus	0	0	0	0	0
Dr. Marc Cluzel	0	500	0	0	500
Karin Eastham	1,000	0	0	0	1,000
Dr. Geoffrey N. Vernon	0	0	0	0	0
Total	**12,019**	**500**	**0**	**0**	**12,519**

STOCK OPTIONS

	01/01/14	Additions	Forfeitures	Exercises	09/30/14
Management Board					
Dr. Simon E. Moroney	0	0	0	0	0
Jens Holstein	0	0	0	0	0
Dr. Arndt Schottelius	0	0	0	0	0
Dr. Marlies Sproll	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**

CONVERTIBLE BONDS

	01/01/14	Additions	Forfeitures	Exercises	09/30/14
Management Board					
Dr. Simon E. Moroney	147,186	0	0	0	147,186
Jens Holstein	90,537	0	0	0	90,537
Dr. Arndt Schottelius	93,537	0	0	33,000	60,537
Dr. Marlies Sproll	93,537	0	0	0	93,537
Total	**424,797**	**0**	**0**	**33,000**	**391,797**

PERFORMANCE SHARES

	01/01/14	Additions	Forfeitures	Exercises	09/30/14
Management Board					
Dr. Simon E. Moroney	48,676	5,979	0	0	54,655
Jens Holstein	33,339	4,095	0	0	37,434
Dr. Arndt Schottelius	33,339	4,095	0	0	37,434
Dr. Marlies Sproll	33,339	4,095	0	0	37,434
Total	**148,693**	**18,264**	**0**	**0**	**166,957**

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

10 Transactions with Related Parties

With the exception of transactions described under "Directors' Dealings", there were no further transactions carried out with related parties in the first nine months of 2014.

On 30 September 2014, the Senior Management Group held 185,550 convertible bonds (31 December 2013: 300,002 units), 15,000 share appreciation rights (SARs) (31 December 2013: 15,000 units), and 91,807 performance shares (31 December 2013: 77,558 units), which were granted by the Company. In the first nine months of 2014, a new performance share program was issued to the Senior Management Group.

11 Subsequent Events

In October 2014, MorphoSys triggered the acquisition of LanthioPharma's lanthipeptide technology for drug development by exercising an option within an existing collaboration and option agreement between the two companies from November 2012.

Shortly after the end of the third quarter 2014, MorphoSys received a milestone payment from its partner Janssen Biotech for the start of a phase 3 clinical trial with guselkumab.

Both events will impact the financial statements in Q4 of 2014.

No additional events occurred that require reporting.

Imprint

MorphoSys AG
Lena-Christ-Str. 48
82152 Martinsried / Planegg
Germany
Tel.: +49-89-89927-0
Fax: +49-89-89927-222
Email: info@morphosys.com
Internet: www.morphosys.de

Corporate Communications and Investor Relations
Tel.: +49-89-89927-404
Fax: +49-89-89927-5404
Email: investors@morphosys.com

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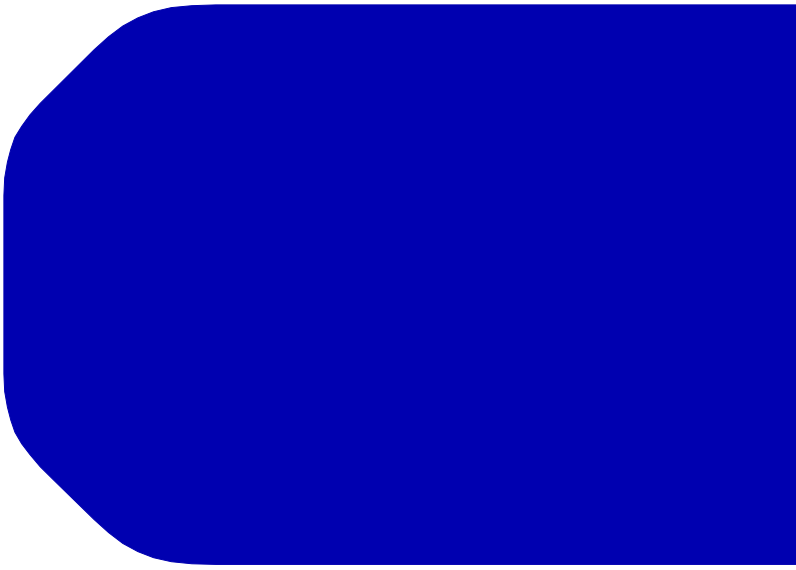
2014 Financial Calendar

28 FEBRUARY 2014	PUBLICATION OF THE 2013 FINANCIAL RESULTS
29 APRIL 2014	PUBLICATION OF THE THREE MONTHS' REPORT 2014
23 MAY 2014	2014 ANNUAL GENERAL MEETING IN MUNICH
28 JULY 2014	PUBLICATION OF SIX MONTHS' REPORT 2014
07 NOVEMBER 2014	PUBLICATION OF NINE MONTHS' REPORT 2014



MorphoSys AG
Lena-Christ-Str. 48
82152 Martinsried / Planegg
Germany
Tel.: +49-89-89927-0
Fax: +49-89-89927-222
www.morphosys.com