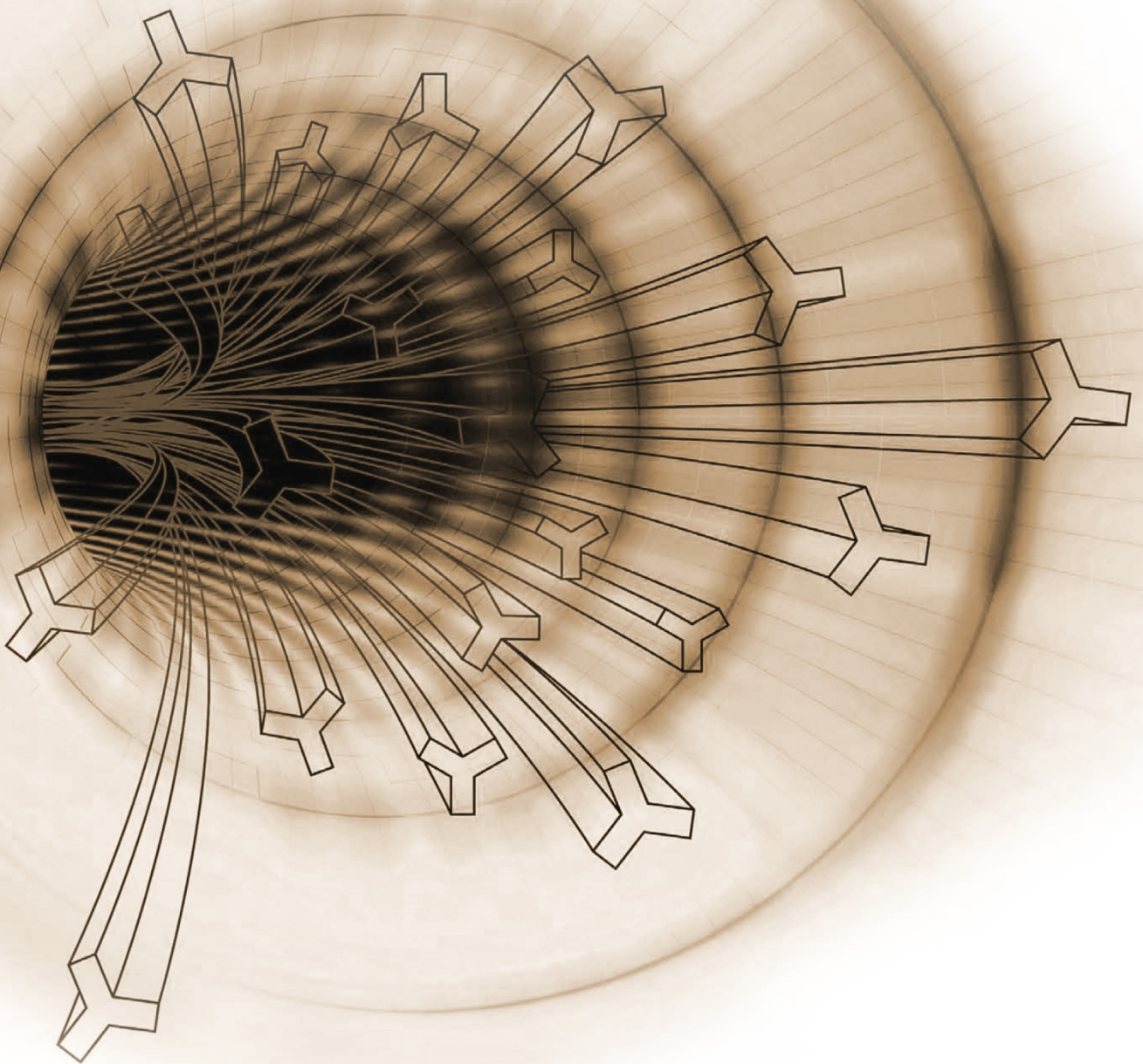


2nd INTERIM REPORT JANUARY – JUNE 2010



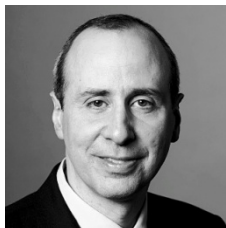
morphosys
Engineering the Medicines of Tomorrow

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Dear Shareholders,



During the second quarter of 2010, MorphoSys's partnered and proprietary pipeline saw significant progress with one partnered program advancing into phase II, two new partnered programs entering clinical trials and the addition of one Phase 1 compound to our own portfolio.

On the partnered side of MorphoSys's therapeutic business, two partners, namely Novartis and Centocor Ortho Biotech, advanced HuCAL-based antibody programs into clinical trials. Having demonstrated a first clinical proof-of-concept, one additional Novartis program has progressed into phase 2. Altogether, nine of our partnered programs are currently in the clinic, four of which already in phase 2. Two to four more antibody programs could enter the clinic during the second half of the year.

Progress on the partnered side of our business was matched by progress in our proprietary development activities. Most significantly, MorphoSys in-licensed a very promising anti-CD19 program from Xencor, Inc. which is in phase 1 clinical trial in chronic lymphocytic leukemia (CLL).

On a Group level, revenues for the first six months ended June 30, 2010 were € 43.5 million, a 15% increase over the same period in the previous year. Operating profits came in at € 8.3 million and it is anticipated that expenses for proprietary product development will increase in the next two quarters of the year.

Thank you for your continued interest in and support of MorphoSys.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "D. Lemus", written over a light blue rectangular background.

Dave Lemus
Chief Financial Officer
MorphoSys AG

Interim Group Management Report: January 1 – June 30, 2010

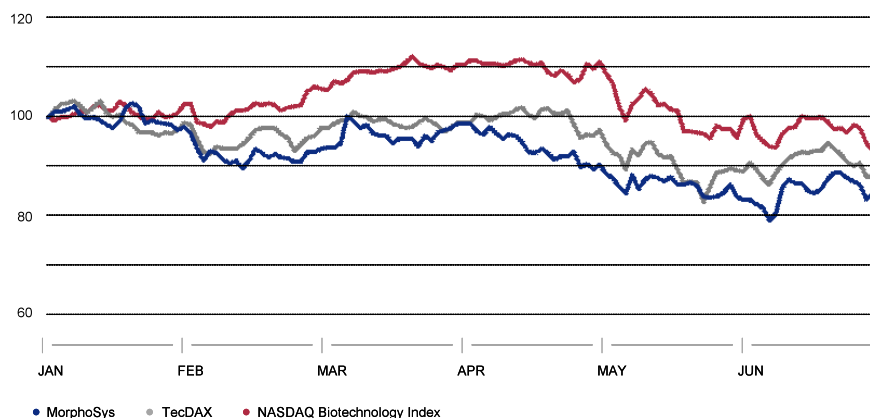
Industry Overview

In the second quarter of 2010, the U.S. Food and Drug Administration (FDA) approved Amgen's Prolia™ (Denosumab), a monoclonal antibody to treat osteoporosis, which is expected by many industry professionals to become another antibody-based blockbuster therapy rather quickly. Genentech, a member of the Roche Group, submitted a Biologics License Application to the FDA for Trastuzumab-DM1 (T-DM1) to treat pretreated women with advanced HER2-positive breast cancer. The program is seen as a very promising representative of an antibody-drug conjugate, also known as an armed antibody. T-DM1 is the first DM-1-conjugated monoclonal antibody to be reviewed by the FDA. The submission is based on the results of a phase 2 study, which showed T-DM1 shrank tumors in one-third of the women who had received on average seven prior medicines for advanced HER2-positive breast cancer.

MorphoSys Share Price Performance

Year to date, the MorphoSys share price decreased by 15% at the end of the second quarter, in line with the major benchmark indices which also went down significantly. The TecDAX decreased by 11% during the first six months, the NASDAQ Biotechnology Index by 6%. By comparison, a basket of international antibody companies (Source: BioCentury) decreased by 20%.

The MorphoSys Share (January 4, 2010 = 100%)



Financial Analysis

Revenues

Compared to the same period of the previous year, Group revenues increased by 15% to € 43.5 million in the first half of 2010 (H1 2009: € 37.9 million). This increase mainly resulted

from higher levels of licensing fees and funded research in the Partnered Discovery segment as well as from stronger sales in the AbD Serotec segment. Revenues arising from the Partnered Discovery and Proprietary Development segments accounted for 77% or € 33.4 million (H1 2009: € 28.6 million) of total segment revenues while the AbD Serotec segment generated 24% (€ 10.6 million) of the total segment revenues (H1 2009: € 9.7 million).

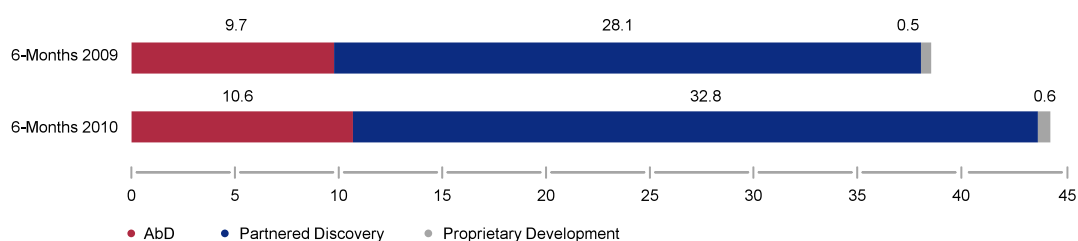
Geographically, 20% or € 8.8 million of MorphoSys's commercial revenues were generated with biotechnology and pharmaceutical companies or non-profit organizations located in North America and 80% or € 34.7 million with companies located mainly in Europe and Asia. This compares to 22% and 78%, respectively, in the same period of the prior year.

Partnered Discovery and Proprietary Development Segments

Segment revenues arising from Partnered Discovery comprised € 29.2 million in funded research and licensing fees (H1 2009: € 22.7 million) as well as € 3.6 million success-based payments (H1 2009: € 5.4 million), representing 11% of total Partnered Discovery and Proprietary Development revenues. Segment revenues arising from Proprietary Development included € 0.6 million in funded research (H1 2009: € 0.5 million). Approximately 89% of Partnered Discovery and Proprietary Development revenues and 68% of total revenues arose from the Company's three largest alliances with Novartis, Daiichi Sankyo and Pfizer (H1 2009: Novartis, Daiichi Sankyo and Pfizer, 85% and 63%, respectively).

Assuming constant foreign exchange rates at the average rate of H1 2009, segment revenues in the Partnered Discovery and Proprietary Development segments would have remained unchanged.

Revenue Development by Segment (in € million)*



* Differences due to rounding

AbD Serotec Segment

Compared to the same period of the previous year, AbD Serotec revenues increased by 9%, or € 0.9 million, to € 10.6 million in 2010 (H1 2009: € 9.7 million). Assuming constant foreign exchange rates at the average rate for H1 2009, revenues in the AbD Serotec segment would have totaled € 10.4 million.

As of June 30, 2010, orders in the amount of € 1.3 million were classified as backorders in the segment (June 30, 2009: € 1.9 million).

Operating Expenses

Compared to the first six months of 2009, total operating expenses increased by approximately 12% to € 35.2 million in H1 2010 (H1 2009: € 31.3 million). The change in operating expenses of € 3.9 million was mainly impacted by research and development (R&D) expenses increasing by 14% or € 2.5 million and sales, general and administrative (S, G&A) expenses increasing by 9% from € 10.0 million to € 10.9 million.

Operating expenses increased by 5% to € 10.6 million (H1 2009: € 10.1 million) in the Partnered Discovery segment and by 31% to € 11.1 million (H1 2009: € 8.5 million) in the Proprietary Development segment. In the AbD Serotec segment, operating expenses increased by 11% to € 9.7 million (H1 2009: € 8.7 million) and would have amounted to € 9.5 million under the assumption of constant foreign exchange rates at the average rate of H1 2009.

Stock-based compensation expenses are embedded in COGS as well as S, G&A and R&D expenses. Stock-based compensation for the first six months of 2010 amounted to € 1.0 million (H1 2009: € 0.8 million) and is a non-cash charge.

Cost of Goods Sold

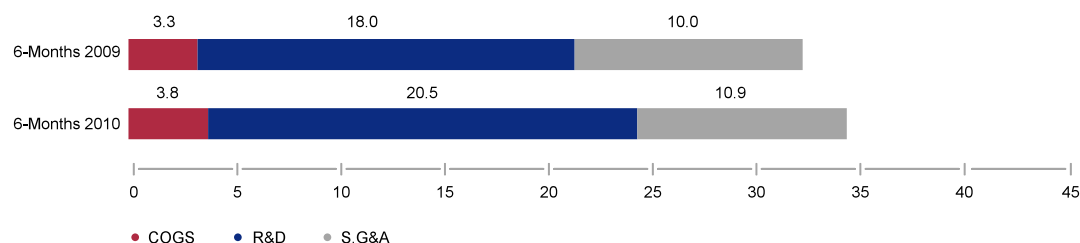
COGS is composed of the AbD Serotec segment's cost of goods sold in the first six months of 2010 and – compared to the same period of the prior year – increased by 15% from € 3.3 million to € 3.8 million.

Research and Development Expenses

In the first six months of 2010, expenses for research and development increased by € 2.5 million to € 20.5 million (H1 2009: € 18.0 million). This was mainly due to higher personnel costs (H1 2010: € 8.6 million; H1 2009: € 7.1 million) as well as increased material costs (H1 2010: € 1.6 million; H1 2009: € 0.9 million). In the first six months of 2010, the Company incurred costs for proprietary product development (excluding allocations for segment purposes) in the amount of € 9.8 million (H1 2009: € 7.8 million) as well as costs for technology development in the amount of € 1.0 million (H1 2009: € 0.2 million) which is accounted for in the Partnered Discovery segment.

Sales, General and Administrative Expenses

Compared to the same period of the previous year, sales, general and administrative expenses increased by € 0.9 million to € 10.9 million (H1 2009: € 10.0 million).

Development of Operating Expenses (in € million)**Non-operating Items**

For the first six months of 2010, non-operating items mainly included finance income of € 0.8 million (H1 2009: € 1.1 million) and other expenses of € 0.5 million (H1 2009: € 0.2 million).

Taxes

For the first six months of 2010, the Company reported income tax expenses in the amount of € 2.9 million (H1 2009: € 2.7 million), which mainly consisted of current taxes.

Operating Profit / Net Profit

Group operating profit for the first six months of 2010 amounted to € 8.3 million (H1 2009: € 6.6 million). Earnings before interest and taxes (EBIT) amounted to € 8.7 million, compared to an EBIT of € 7.5 million in the first six months of the previous year. The Partnered Discovery and Proprietary Development segments showed an operating profit of € 22.2 million (H1 2009: € 18.0 million) and an operating loss of € 10.5 million (H1 2009: operating loss of € 8.0 million), respectively. In the AbD Serotec segment, operating profit decreased to € 0.9 million (H1 2009: € 1.1 million) and would have amounted to € 0.9 million under the assumption of constant foreign exchange rates using the H1 2009 average rates.

A net profit after taxes of € 5.9 million was achieved in the first six months of 2010, compared to a net profit after taxes of € 5.0 million in the same period of the prior year. The resulting basic net profit per share for the first six months of 2010 amounted to € 0.26 (H1 2009: € 0.23).

Liquidity / Cash Flows

Net cash inflow from operations in the first six months of 2010 amounted to € 28.5 million (H1 2009: € 6.6 million). Investing activities resulted in a cash outflow of € 26.5 million (H1 2009: € 3.1 million) whereas financing activities resulted in a cash inflow of € 0.05 million (H1 2009: cash outflow of € 0.03 million).

As of June 30, 2010, the Company held € 152.1 million in cash, cash equivalents and available-for-sale financial assets, compared to a year-end 2009 balance of € 135.1 million.

Assets

Total assets increased by € 20.4 million to € 226.5 million as of June 30, 2010, compared to € 206.1 million as of December 31, 2009. Current assets increased by € 10.9 million mainly as a

result of an increase in marketable securities (€ 14.7 million), partly offset by a decrease in accounts receivable by € 5.4 million.

Compared to December 31, 2009, non-current assets increased by € 9.6 million, mainly as a consequence of the capitalization of an upfront payment in connection with the in-licensing of a compound from Xencor.

Liabilities

In the first six months of 2010, current liabilities increased from € 24.3 million as of December 31, 2009, to € 42.1 million as of June 30, 2010, arising mainly from an increase in licenses payable as a result of the upfront payment due in connection with the in-licensing of a compound from Xencor. In addition, current deferred revenue increased by € 8.3 million.

Non-current liabilities decreased by € 4.9 million to € 3.0 million in the first six months of 2010, which was mainly impacted by a decrease in non-current deferred revenue.

Equity

Total stockholders' equity amounted to € 181.4 million as of June 30, 2010, compared to € 173.9 million as of December 31, 2009.

As of June 30, 2010, the total number of shares issued amounted to 22,677,078 of which 22,597,182 were outstanding, compared to 22,660,557 and 22,580,661 as of December 31, 2009, respectively.

The increase of shares outstanding by 16,521 arose from exercised options issued to employees.

Capital Expenditure

MorphoSys's investment in property, plant and equipment amounted to € 0.9 million for the six-month period ended June 30, 2010, compared to € 0.6 million in the same period of the prior year. Depreciation of property, plant and equipment for H1 2010 accounted for € 1.0 million compared to € 0.7 million in the first six months of 2009.

During the first six months of 2010, the Company invested € 11.0 million in intangible assets (H1 2009: € 0.4 million). Amortization of intangibles amounted to € 1.9 million and remained unchanged in comparison to the first six months of 2009.

Human Resources

Number and Qualification of Employees

On June 30, 2010, the MorphoSys Group employed 432 people (December 31, 2009: 404). On average, the MorphoSys Group employed 423 people for the first six months of 2010 (first six months of 2009: 354).

Of the 432 employees, 269 worked in research and development and 163 in sales, general and administration (December 31, 2009: 248 and 156, respectively).

On June 30, 2010, 129 of MorphoSys's employees had a PhD degree (December 31, 2009: 121).

Of the 432 employees, 151 worked for the Partnered Discovery segment, 84 for the Proprietary Development segment, 158 for the AbD Serotec segment and 39 employees were unallocated (December 31, 2009: 144 for the Partnered Discovery segment, 71 for the Proprietary Development segment, 148 for the AbD Serotec segment and 41 were unallocated).

On June 30, 2010, MorphoSys had 2 apprenticeship positions (December 31, 2009: 3).

Pipeline Update

Partnered Discovery

During the second quarter of 2010, MorphoSys's partnered therapeutic antibody pipeline decreased to 64 active antibody development programs in total, with 2 programs moving into phase 1, increasing the number of programs in clinical development to 9 in total. 25 programs are in preclinical development and 30 in research (not including a co-development candidate with Novartis).

In the first six months, two partner companies, namely Centocor Ortho Biotech and Novartis, advanced HuCAL-based antibody programs into phase 1 clinical trials. Both events triggered clinical milestone payments to MorphoSys.

Centocor Ortho Biotech's program aims at the therapeutic area of inflammatory and autoimmune diseases and is the fourth clinical trial to be reached within the collaboration with MorphoSys.

The third therapeutic antibody within the Novartis collaboration to reach clinical trials is being developed in the area of musculoskeletal diseases. The first proof of concept in man of a HuCAL antibody which was achieved by the partner during the second quarter was another sign of the very successful collaboration with Novartis. This event marked an important scientific progress in proving the therapeutic benefit of HuCAL-derived antibody drugs.

Altogether, MorphoSys projects that in 2010, between four and six partnered programs could enter clinical trials.

Proprietary Development

MOR103

The phase 1b/2a clinical trial of MorphoSys's lead drug MOR103 continues according to plan. MOR103 is a fully human HuCAL antibody directed against GM-CSF (granulocyte macrophage-colony stimulating factor), being developed in the area of inflammatory diseases such as rheumatoid arthritis (RA), where current treatment options are inadequate.

In total, the randomized, double-blind, placebo-controlled, dose-escalation trial is expected to enroll 135 patients and will be conducted in multiple centers in several European countries. The trial is currently being conducted in clinical centers in Germany, Bulgaria and the Netherlands.

Enrollment is expected to be completed in the first half of 2011 with the final results expected in H1 2012.

MOR202

MOR202 is a fully human HuCAL antibody directed against CD38, a membrane-bound glycoprotein that is a promising target for the treatment of multiple myeloma. The Company expects to file a clinical trial application (CTA) before the end of 2010 and commence a phase 1/2 trial in early 2011.

Being a part of Munich's biotechnology initiative "m⁴ – Personalized Medicine and Targeted Therapies", the program has recently been awarded a research grant of the German Federal Ministry of Education and Research, BMBF. The funding of up to € 1.1 million further supports the Company's development plans. As part of the program, the Company plans to explore relevant biomarkers for the anti-CD38 approach in collaboration with the University Hospital of Munich Technical University, thereby further differentiating this new therapeutic approach.

MOR208

In June 2010, MorphoSys added an important program to its growing product portfolio by signing a worldwide exclusive license and collaboration agreement with US-based Xencor, Inc. for an antibody in phase 1 clinical development.

Xencor's antibody XmAb5574, which has been renamed MOR208 after the signing of the agreement, is a humanized anti-CD19 monoclonal antibody for the treatment of B-cell malignancies. It has been engineered to possess significantly enhanced antibody-dependent cell-mediated cytotoxicity (ADCC), thereby maximising tumor cell killing and potentially being more efficient than traditional cancer antibodies on the market.

The FDA has approved a phase 1 trial in patients with chronic lymphocytic leukemia (CLL) in the USA, which under the terms of the agreement will be fully sponsored by Xencor. After the successful completion of this study, MorphoSys will be solely responsible for further clinical development.

Early-stage Pipeline

Work with MOR104 and MOR105, two early-stage programs in inflammation, as well as with MOR205 and MOR206, two discovery programs in the therapeutic area of cancer, continues as planned.

Target Discovery

MorphoSys has selected a new target molecule in the indication of cancer, which will form the basis for the program MOR207.

Risk and Opportunity Report

The risks and opportunities have not changed materially compared to the situation described in the Annual Report 2009.

Outlook

The Company's most recent guidance was given in February 2010. The Company estimates full-year 2010 Group revenues between € 89 million and € 93 million, and an operating profit of € 5 million to € 9 million, including investments in technology and product development in the amount of € 26 million to € 29 million (2009: € 19.3 million). At the occasion of the reporting of the financial results of the second quarter of 2010, MorphoSys reconfirmed full-year guidance.

Consolidated Statement of Operations (IFRS)

| | Note | Three Months Ended 06/30/2010 € | Three Months Ended 06/30/2009 € | Six Months Ended 06/30/2010 € | Six Months Ended 06/30/2009 € |
|--|----------|--|--|--|--|
| Revenues | 2 | 22,896,162 | 18,743,211 | 43,461,542 | 37,877,713 |
| Operating Expenses | 2 | | | | |
| Cost of Goods Sold | | 2,079,137 | 1,656,394 | 3,807,638 | 3,319,892 |
| Research and Development | | 11,166,877 | 9,471,378 | 20,478,395 | 17,954,978 |
| Sales, General and Administrative | | 6,008,291 | 5,222,095 | 10,870,374 | 9,991,236 |
| Total Operating Expenses | | 19,254,305 | 16,349,867 | 35,156,407 | 31,266,106 |
| Profit from Operations | | 3,641,857 | 2,393,344 | 8,305,135 | 6,611,607 |
| Finance Income | | 714,247 | 230,742 | 750,614 | 1,138,195 |
| Finance Expense | | 4,599 | 3,358 | 9,039 | 4,588 |
| Other Income | | 61,225 | 81,075 | 177,254 | 193,344 |
| Other Expense | | 268,566 | 88,907 | 505,557 | 237,228 |
| Profit before Taxes | | 4,144,164 | 2,612,896 | 8,718,407 | 7,701,330 |
| Income Tax Expense | | 1,471,687 | 1,075,753 | 2,854,026 | 2,657,339 |
| Net Profit | | 2,672,477 | 1,537,143 | 5,864,381 | 5,043,991 |
| Basic Net Profit per Share | | 0.12 | 0.07 | 0.26 | 0.23 |
| Diluted Net Profit per Share | | 0.12 | 0.07 | 0.26 | 0.22 |
| Shares Used in Computing Basic Net Profit per Share | | 22,597,182 | 22,412,391 | 22,594,797 | 22,411,266 |
| Shares Used in Computing Diluted Net Profit per Share | | 22,685,398 | 22,503,994 | 22,721,085 | 22,510,795 |

See accompanying Notes to the Interim Consolidated Financial Statements

Consolidated Statement of Comprehensive Income (IFRS)

| | Three Months Ended 06/30/2010 | Three Months Ended 06/30/2009 | Six Months Ended 06/30/2010 | Six Months Ended 06/30/2009 |
|---|-------------------------------------|-------------------------------------|-----------------------------------|-----------------------------------|
| | € | € | € | € |
| Net Profit | 2,672,477 | 1,537,143 | 5,864,381 | 5,043,991 |
| Change in Unrealized Gains and Losses on Available-for-sale Securities | (596,762) | 26,673 | (514,249) | (505,584) |
| (thereof Reclassifications of Unrealized Gains and Losses to Profit and Loss) | (675,675) | (160,500) | (670,461) | (924,378) |
| Deferred Taxes | 157,127 | (7,023) | 135,402 | 133,120 |
| Change in Unrealized Gains and Losses, Net of Deferred Tax | (439,635) | 19,650 | (378,847) | (372,464) |
| Effects from Equity-related Recognition of Deferred Taxes | (10,040) | (9,832) | (10,125) | (13,016) |
| Foreign Currency Gain from Consolidation | 742,514 | 660,614 | 803,068 | 922,078 |
| Comprehensive Income | 2,965,316 | 2,207,575 | 6,278,477 | 5,580,589 |

Consolidated Balance Sheet (IFRS)

| | June 30, 2010 | Dec. 31, 2009 |
|--|--------------------|--------------------|
| Note | € | € |
| ASSETS | | |
| Current Assets | | |
| Cash and Cash Equivalents | 43,461,353 | 41,255,316 |
| Available-for-sale Financial Assets | 108,614,034 | 93,883,571 |
| Accounts Receivable | 5,761,563 | 11,156,559 |
| Income Tax Receivables | 480,679 | 794,855 |
| Other Receivables | 312,657 | 257,550 |
| Inventories, Net | 3,940,720 | 3,990,238 |
| Prepaid Expenses and Other Current Assets | 3,071,863 | 3,481,709 |
| Assets Classified as Held for Sale | 846,024 | 771,798 |
| Total Current Assets | 166,488,893 | 155,591,596 |
| Non-current Assets | | |
| Property, Plant and Equipment, Net | 5,045,126 | 4,996,804 |
| Patents, Net | 544,502 | 789,798 |
| Licenses, Net | 13,030,999 | 13,780,534 |
| Intangible Assets under Development | 10,513,100 | - |
| Software, Net | 605,092 | 712,482 |
| Know-how and Customer Lists, Net | 2,027,215 | 2,083,633 |
| Goodwill | 26,750,616 | 26,742,173 |
| Deferred Tax Asset | 269,666 | 221,534 |
| Prepaid Expenses and Other Assets, Net of Current Portion | 1,274,203 | 1,172,041 |
| Total Non-current Assets | 60,060,519 | 50,498,999 |
| Total Assets | 226,549,412 | 206,090,595 |

See accompanying Notes to the Interim Consolidated Financial Statements

| |
|--|
| Statement of Operations |
| Statement of Comprehensive Income |
| Balance Sheet |
| Statement of Changes in Stockholders' Equity |
| Statement of Cash Flows |
| Notes to the Financial Statements |

| | June 30, 2010 | Dec. 31, 2009 |
|--|--------------------|--------------------|
| Note | € | € |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current Liabilities | | |
| Accounts Payable | 11,263,610 | 14,106,352 |
| Licenses Payable | 10,636,066 | 100,746 |
| Provisions and Tax Liabilities | 3,311,626 | 1,426,760 |
| Current Portion of Deferred Revenue | 16,874,721 | 8,618,250 |
| Total Current Liabilities | 42,086,023 | 24,252,108 |
| Non-current Liabilities | | |
| Provisions, Net of Current Portion | 43,344 | 43,344 |
| Deferred Revenue, Net of Current Portion | 748,934 | 5,579,610 |
| Convertible Bonds Due to Related Parties | 32,670 | 32,670 |
| Deferred Tax Liability | 2,189,649 | 2,248,498 |
| Total Non-current Liabilities | 3,014,597 | 7,904,122 |
| Stockholders' Equity | | |
| Common Stock, € 1.00 Par Value; Ordinary Shares Authorized (41,935,950 and 42,400,635 for 2010 and 2009, respectively) Ordinary Shares Issued (22,677,078 and 22,660,557 for 2010 and 2009, respectively) Ordinary Shares Outstanding (22,597,182 and 22,580,661 for 2010 and 2009, respectively) Treasury Stock (79,896 and 79,896 shares for 2010 and 2009, respectively), at Cost | 3 22,667,304 | 22,650,783 |
| Additional Paid-in Capital | 3 162,850,697 | 161,631,268 |
| Reserves | 1,797,214 | 1,383,118 |
| Accumulated Deficit | (5,866,423) | (11,730,804) |
| Total Stockholders' Equity | 181,448,792 | 173,934,365 |
| Total Liabilities and Stockholders' Equity | 226,549,412 | 206,090,595 |

See accompanying Notes to the Interim Consolidated Financial Statements

Consolidated Statement of Changes in Stockholders' Equity (IFRS)

| | Common Stock | |
|---|-------------------|-------------------|
| | Shares | € |
| Balance as of January 1, 2009 | 22,478,787 | 22,478,787 |
| Compensation Related to the Grant of Stock Options and Convertible Bonds | 0 | 0 |
| Exercise of Options and Convertible Bonds Issued to Related Parties | 13,500 | 13,500 |
| Reserves: | | |
| Change in Unrealized Gain on Available-for-sale Securities, Net of Deferred Tax | 0 | 0 |
| Effects from Equity-related Recognition of Deferred Taxes | 0 | 0 |
| Foreign Currency Gain from Consolidation | 0 | 0 |
| Net Profit for the Period | 0 | 0 |
| Comprehensive Income | 0 | 0 |
| Balance as of June 30, 2009 | 22,492,287 | 22,492,287 |
| Balance as of January 1, 2010 | 22,660,557 | 22,660,557 |
| Compensation Related to the Grant of Stock Options and Convertible Bonds | 0 | 0 |
| Exercise of Options and Convertible Bonds Issued to Related Parties | 16,521 | 16,521 |
| Reserves: | | |
| Change in Unrealized Gain on Available-for-sale Securities, Net of Deferred Tax | 0 | 0 |
| Effects from Equity-related Recognition of Deferred Taxes | 0 | 0 |
| Foreign Currency Gain from Consolidation | 0 | 0 |
| Net Profit for the Period | 0 | 0 |
| Comprehensive Income | 0 | 0 |
| Balance as of June 30, 2010 | 22,677,078 | 22,677,078 |

See accompanying Notes to the Interim Consolidated Financial Statements

Statement of Operations
Statement of Comprehensive Income
Balance Sheet
Statement of Changes in Stockholders' Equity
Statement of Cash Flows
Notes to the Financial Statements

| | Treasury Stock | Additional Paid-in Capital | Revaluation Reserve | Translation Reserve | Accumulated Deficit | Total Stockholders' Equity |
|---------------|----------------|-------------------------------|------------------------|------------------------|------------------------|----------------------------------|
| Shares | € | € | € | € | € | € |
| 79,896 | (9,774) | 158,523,363 | 4,163,972 | (2,474,261) | (20,694,899) | 161,987,188 |
| 0 | 0 | 849,190 | 0 | 0 | 0 | 849,190 |
| 0 | 0 | 47,655 | 0 | 0 | 0 | 61,155 |
| 0 | 0 | 0 | (372,464) | 0 | 0 | (372,464) |
| 0 | 0 | 0 | (13,016) | 0 | 0 | (13,016) |
| 0 | 0 | 0 | 0 | 922,078 | 0 | 922,078 |
| 0 | 0 | 0 | 0 | 0 | 5,043,991 | 5,043,991 |
| 0 | 0 | 0 | (385,480) | 922,078 | 5,043,991 | 5,580,589 |
| 79,896 | (9,774) | 159,420,208 | 3,778,492 | (1,552,183) | (15,650,908) | 168,478,122 |
| 79,896 | (9,774) | 161,631,268 | 3,371,195 | (1,988,077) | (11,730,804) | 173,934,365 |
| 0 | 0 | 1,021,280 | 0 | 0 | 0 | 1,021,280 |
| 0 | 0 | 198,149 | 0 | 0 | 0 | 214,670 |
| 0 | 0 | 0 | (378,847) | 0 | 0 | (378,847) |
| 0 | 0 | 0 | (10,125) | 0 | 0 | (10,125) |
| 0 | 0 | 0 | 0 | 803,068 | 0 | 803,068 |
| 0 | 0 | 0 | 0 | 0 | 5,864,381 | 5,864,381 |
| 0 | 0 | 0 | (388,972) | 803,068 | 5,864,381 | 6,278,477 |
| 79,896 | (9,774) | 162,850,697 | 2,982,223 | (1,185,009) | (5,866,423) | 181,448,792 |

Consolidated Statement of Cash Flows (IFRS)

| For the Period Ended June 30, | Note | 2010 € | 2009 € |
|--|------|-------------------|------------------|
| Operating Activities | | | |
| Net Profit | | 5,864,381 | 5,043,991 |
| Adjustments to Reconcile Net Profit to Net Cash Provided by Operating Activities: | | | |
| Depreciation and Amortization of Tangible and Intangible Assets | | 2,868,958 | 2,599,511 |
| Income Tax Benefit | | (241,712) | (84,873) |
| Net Gain on Sales of Financial Assets | | (678,348) | (934,087) |
| Unrealized Net Loss on Derivative Financial Instruments | | 121,900 | 83,418 |
| Loss on Sale of Property, Plant and Equipment | | 3,810 | 357 |
| Recognition of Deferred Revenue | | (19,941,117) | (15,621,543) |
| Stock-based Compensation | | 979,584 | 842,318 |
| Changes in Operating Assets and Liabilities: | | | |
| Accounts Receivable | | 5,560,071 | (1,087,082) |
| Prepaid Expenses, Other Assets and Tax Receivables | | 1,055,041 | 991,255 |
| Accounts Payable and Provisions | | 2,704,866 | 619,045 |
| Licenses Payable | | 10,535,320 | (197,960) |
| Other Liabilities | | (2,957,081) | (1,976,385) |
| Deferred Revenue | | 23,366,912 | 16,681,557 |
| Cash Generated from Operations | | 29,242,585 | 6,959,522 |
| Interest Paid | | (6,432) | (1,954) |
| Interest Received | | 72,276 | 204,151 |
| Income Taxes Paid | | (761,522) | (537,906) |
| Net Cash Provided by Operating Activities | | 28,546,907 | 6,623,813 |

See accompanying Notes to the Interim Consolidated Financial Statements

| For the Period Ended June 30, | Note | 2010 € | 2009 € |
|---|------|---------------------|--------------------|
| Investing Activities: | | | |
| Purchases of Financial Assets | | (20,783,313) | (10,988,704) |
| Proceeds from Sales of Financial Assets | | 6,216,948 | 8,855,654 |
| Purchases of Property, Plant and Equipment | | (938,904) | (568,793) |
| Proceeds from Disposals of Property, Plant and Equipment | | 0 | 535 |
| Additions to Intangibles | | (10,992,388) | (359,160) |
| Net Cash Used in Investing Activities | | (26,497,657) | (3,060,468) |
| Financing Activities: | | | |
| Proceeds from the Exercise of Options and Convertible Bonds Granted to Related Parties | | 230,122 | 61,155 |
| Net of Proceeds and Payments from the Issuance of Convertible Bonds Granted to Related Parties | | 0 | 31,480 |
| Purchases of Derivative Financial Instruments | | (175,900) | (173,304) |
| Proceeds from the Disposal of Derivative Financial Instruments | | 9,176 | 47,000 |
| Cost of Share Issuance | | (15,500) | 0 |
| Net Cash Provided by/ Used in Financing Activities | | 47,898 | (33,669) |
| Effect of Exchange Rate Differences on Cash | | 108,889 | 136,272 |
| Increase in Cash and Cash Equivalents | | 2,206,037 | 3,665,948 |
| Cash and Cash Equivalents at the Beginning of the Period | | 41,255,316 | 40,113,727 |
| Cash and Cash Equivalents at the End of the Period | | 43,461,353 | 43,779,675 |

See accompanying Notes to the Interim Consolidated Financial Statements

Notes to the Interim Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), IAS 34 "Interim Financial Reporting" adopted by the International Accounting Standards Board (IASB), London, in consideration of the interpretations of the Standing Interpretations Committee (SIC), the International Financial Reporting Interpretations Committee (IFRIC) and the IFRS adopted by the European Commission.

The consolidated financial statements for the period ended June 30, 2010, include MorphoSys AG, MorphoSys IP GmbH, MorphoSys USA, Inc., MorphoSys UK Ltd. (former Serotec Ltd.), MorphoSys US, Inc. (former Serotec, Inc.), MorphoSys AbD GmbH (former Serotec GmbH) and Poole Real Estate Ltd. (former Biogenesis UK Ltd.), together referred to as the "Group".

1 Changes in Accounting Policies and Estimates

As of June 1, 2010, the Company estimates that certain success criteria for a cooperation are met earlier than planned. This change in accounting estimate is applied prospectively and had a financial impact of € 0.2 million (additional revenues) for the first six months of 2010.

The accounting policies applied for the financial statements as of December 31, 2009, have been used throughout the first six months of 2010.

2 Segment Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, 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 in respect of the Group's operating and geographical segments. The operating segments are based on the Group's management and internal reporting structure. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Intersegment pricing is determined on an arm's length basis according to the Group transfer pricing policy.

The Group consists of the following three operating segments:

Partnered Discovery

MorphoSys possesses one of the leading technologies for the generation of human antibody therapeutics. The Company commercially exploits this technology via partnerships with multiple pharmaceutical and biotechnology companies. All activities related to these collaborations and the major part of technology development are reflected in this segment.

Proprietary Development

This segment involves all activities relating to proprietary therapeutic antibody development. Presently, this includes the Company's three lead compounds in its proprietary product portfolio, MOR103, MOR202 and MOR208, as well as five programs in the discovery phase and one pre-development program with Novartis. In June 2010, MorphoSys in-licensed an anti-CD19 program from Xencor which is in a phase 1 clinical trial. The program was renamed MOR208. The Company currently plans to out-license Proprietary compounds after proof of concept.

AbD Serotec

The AbD Serotec segment leverages MorphoSys's core technological capabilities in the design and manufacture of antibodies for research and diagnostic purposes. It commercializes the HuCAL technology, focusing on generation of bespoke research antibodies for its customers. The segment also generates sales from catalog antibodies and bulk/industrial production of antibodies.

ENTITY-WIDE DISCLOSURES

In presenting entity-wide disclosures, segment revenues are based on the geographical location of the customers.

For the Six Months Period

Ended June 30,

(in 000's €)

| | Partnered Discovery | | Proprietary Development | |
|---------------------------------|---------------------|---------------|-------------------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Revenues, total | 32,796 | 28,103 | 633 | 506 |
| External Revenues | 32,796 | 28,103 | 633 | 506 |
| Inter-segment Revenues | - | - | - | - |
| Total Operating Expenses | 10,587 | 10,120 | 11,101 | 8,536 |
| Cost of Goods Sold | - | - | - | - |
| Other Operating Expenses | 10,125 | 9,658 | 11,033 | 8,536 |
| Inter-segment Costs | 462 | 462 | 68 | - |
| Segment Result | 22,209 | 17,983 | (10,468) | (8,030) |
| Finance Income | - | - | - | - |
| Finance Expense | - | - | - | - |
| Other Income | - | - | - | - |
| Other Expense | - | - | - | - |
| Profit before Taxes | - | - | - | - |
| Income Tax Expense | - | - | - | - |
| Net Profit | - | - | - | - |

For the Three Months Period

Ended June 30,

(in 000's €)

| | Partnered Discovery | | Proprietary Development | |
|---------------------------------|---------------------|---------------|-------------------------|----------------|
| | 2010 | 2009 | 2010 | 2009 |
| Revenues, total | 17,744 | 13,869 | 380 | 253 |
| External Revenues | 17,744 | 13,869 | 380 | 253 |
| Inter-segment Revenues | - | - | - | - |
| Total Operating Expenses | 5,579 | 5,210 | 6,513 | 4,470 |
| Cost of Goods Sold | - | - | - | - |
| Other Operating Expenses | 5,348 | 4,979 | 6,445 | 4,470 |
| Inter-segment Costs | 231 | 231 | 68 | - |
| Segment Result | 12,165 | 8,659 | (6,133) | (4,217) |
| Finance Income | - | - | - | - |
| Finance Expense | - | - | - | - |
| Other Income | - | - | - | - |
| Other Expense | - | - | - | - |
| Profit before Taxes | - | - | - | - |
| Income Tax Expense | - | - | - | - |
| Net Profit | - | - | - | - |

Statement of Operations
Statement of Comprehensive Income
Balance Sheet
Statement of Changes in Stockholders' Equity
Statement of Cash Flows
Notes to the Financial Statements

| AbD Serotec | | Unallocated | | Elimination | | Group | |
|---------------|--------------|----------------|----------------|--------------|--------------|---------------|---------------|
| 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| 10,563 | 9,731 | - | - | (530) | (462) | 43,462 | 37,878 |
| 10,033 | 9,269 | - | - | - | - | 43,462 | 37,878 |
| 530 | 462 | - | - | (530) | (462) | - | - |
| 9,703 | 8,658 | 4,296 | 4,414 | (530) | (462) | 35,157 | 31,266 |
| 3,808 | 3,320 | - | - | - | - | 3,808 | 3,320 |
| 5,895 | 5,338 | 4,296 | 4,414 | - | - | 31,349 | 27,946 |
| - | - | - | - | (530) | (462) | - | - |
| 860 | 1,073 | (4,296) | (4,414) | - | - | 8,305 | 6,612 |
| - | - | - | - | - | - | 750 | 1,138 |
| - | - | - | - | - | - | 9 | 5 |
| - | - | - | - | - | - | 177 | 193 |
| - | - | - | - | - | - | 505 | 237 |
| - | - | - | - | - | - | 8,718 | 7,701 |
| - | - | - | - | - | - | 2,854 | 2,657 |
| - | - | - | - | - | - | 5,864 | 5,044 |

| AbD Serotec | | Unallocated | | Elimination | | Group | |
|--------------|--------------|----------------|----------------|--------------|--------------|---------------|---------------|
| 2010 | 2009 | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| 5,072 | 4,852 | - | - | (299) | (231) | 22,897 | 18,743 |
| 4,773 | 4,621 | - | - | - | - | 22,897 | 18,743 |
| 299 | 231 | - | - | (299) | (231) | - | - |
| 5,133 | 4,403 | 2,329 | 2,498 | (299) | (231) | 19,255 | 16,350 |
| 2,079 | 1,657 | - | - | - | - | 2,079 | 1,657 |
| 3,054 | 2,746 | 2,329 | 2,498 | - | - | 17,176 | 14,693 |
| - | - | - | - | (299) | (231) | - | - |
| (61) | 449 | (2,329) | (2,498) | - | - | 3,642 | 2,393 |
| - | - | - | - | - | - | 714 | 231 |
| - | - | - | - | - | - | 5 | 3 |
| - | - | - | - | - | - | 61 | 81 |
| - | - | - | - | - | - | 268 | 89 |
| - | - | - | - | - | - | 4,144 | 2,613 |
| - | - | - | - | - | - | 1,472 | 1,076 |
| - | - | - | - | - | - | 2,672 | 1,537 |

For services performed by the AbD Serotec segment for the Partnered Discovery segment, a revenue sharing agreement was established in 2007. The compensatory fee to the AbD Serotec segment amounted to € 0.5 million for the first six months of 2010 (H1 2009: € 0.5 million).

The following table shows the split of the Company's consolidated revenues by geographical market:

| For the Period Ended June 30, (in 000's €) | 2010 | 2009 |
|---|---------------|---------------|
| Germany | 2,358 | 2,790 |
| Other Europe and Asia | 31,631 | 26,212 |
| USA and Canada | 8,803 | 8,281 |
| Other | 670 | 595 |
| Total | 43,462 | 37,878 |

3 Changes in Stockholders' Equity

Common Stock

On June 30, 2010, the common stock of the Company amounted to € 22,677,078 (December 31, 2009: € 22,660,557). Through the exercise of 16,521 options issued to management and employees, common stock increased by € 16,521 in the first six months of 2010. Treasury stock amounted to € 9,774 as of June 30, 2010 (December 31, 2009: € 9,774).

Additional Paid-in Capital

On June 30, 2010, additional paid-in capital amounted to € 162,850,697 (December 31, 2009: € 161,631,268). The total increase of € 1,219,429 is due to stock-based compensation in the amount of € 1,021,280. A further increase of € 198,149 arose from the exercise of issued stock options.

4 Changes in Convertible Bonds and Stock Options

On April 1, 2010, 352,800 convertible bonds were granted to members of the Management Board and to employees as part of the management compensation plan 2010.

5 Directors' Dealings

The Group has related party transactions with its management and with members of the Supervisory Board. In addition to the cash remuneration, the Company has issued stock options and convertible bonds to the Management Board. The table below shows the shares, stock options and convertible bonds as well as the changes of ownership of the same which were held by

members of the Management Board and the Supervisory Board during the first six months of 2010:

Shares

| | 01/01/10 | Additions | Forfeitures | Sales | 30/06/10 |
|--------------------------|----------------|--------------|-------------|----------|----------------|
| Management Board | | | | | |
| Dr. Simon E. Moroney | 416,385 | 0 | 0 | 0 | 416,385 |
| Dave Lemus | 5,400 | 0 | 0 | 0 | 5,400 |
| Dr. Arndt Schottelius | 500 | 1,000 | 0 | 0 | 1,500 |
| Dr. Marlies Sproll | 105 | 0 | 0 | 0 | 105 |
| Total | 422,390 | 1,000 | 0 | 0 | 423,390 |
| Supervisory Board | | | | | |
| Dr. Gerald Möller | 7,500 | 0 | 0 | 0 | 7,500 |
| Prof. Dr. Jürgen Drews | 7,290 | 0 | 0 | 0 | 7,290 |
| Dr. Walter Blättler | 2,019 | 0 | 0 | 0 | 2,019 |
| Dr. Daniel Camus | 0 | 0 | 0 | 0 | 0 |
| Dr. Metin Colpan | 0 | 0 | 0 | 0 | 0 |
| Dr. Geoffrey N. Vernon | 0 | 0 | 0 | 0 | 0 |
| Total | 16,809 | 0 | 0 | 0 | 16,809 |

Stock Options

| | 01/01/10 | Additions | Forfeitures | Exercises | 30/06/10 |
|--------------------------|----------------|-----------|-------------|-----------|----------------|
| Management Board | | | | | |
| Dr. Simon E. Moroney | 299,445 | 0 | 0 | 0 | 299,445 |
| Dave Lemus | 110,172 | 0 | 0 | 0 | 110,172 |
| Dr. Arndt Schottelius | 90,000 | 0 | 0 | 0 | 90,000 |
| Dr. Marlies Sproll | 177,867 | 0 | 0 | 0 | 177,867 |
| Total | 677,484 | 0 | 0 | 0 | 677,484 |
| Supervisory Board | | | | | |
| Dr. Gerald Möller | 0 | 0 | 0 | 0 | 0 |
| Prof. Dr. Jürgen Drews | 0 | 0 | 0 | 0 | 0 |
| Dr. Walter Blättler | 0 | 0 | 0 | 0 | 0 |
| Dr. Daniel Camus | 0 | 0 | 0 | 0 | 0 |
| Dr. Metin Colpan | 0 | 0 | 0 | 0 | 0 |
| Dr. Geoffrey N. Vernon | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 |

Convertible Bonds

| | 01/01/10 | Additions | Forfeitures | Exercises | 30/06/10 |
|--------------------------|---------------|----------------|-------------|-----------|----------------|
| Management Board | | | | | |
| Dr. Simon E. Moroney | 30,000 | 58,800 | 0 | 0 | 88,800 |
| Dave Lemus | 30,000 | 33,000 | 0 | 0 | 63,000 |
| Dr. Arndt Schottelius | 0 | 33,000 | 0 | 0 | 33,000 |
| Dr. Marlies Sproll | 30,000 | 33,000 | 0 | 0 | 63,000 |
| Total | 90,000 | 157,800 | 0 | 0 | 247,800 |
| Supervisory Board | | | | | |
| Dr. Gerald Möller | 0 | 0 | 0 | 0 | 0 |
| Prof. Dr. Jürgen Drews | 0 | 0 | 0 | 0 | 0 |
| Dr. Walter Blättler | 0 | 0 | 0 | 0 | 0 |
| Dr. Daniel Camus | 0 | 0 | 0 | 0 | 0 |
| Dr. Metin Colpan | 0 | 0 | 0 | 0 | 0 |
| Dr. Geoffrey N. Vernon | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 0 | 0 | 0 | 0 |

6 Transactions with Related Parties

Except for the transactions described in "Directors' Dealings", no other transactions with related parties have been entered into in the first six months of 2010.

Responsibility Statement

"To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Management Report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year."

Martinsried/Planegg, July 22, 2010

Dr. Simon E. Moroney
Chief Executive Officer

Dave Lemus
Chief Financial Officer

Dr. Arndt Schottelius
Chief Development Officer

Dr. Marlies Sproll
Chief Scientific Officer

Review Report

To MorphoSys Aktiengesellschaft, Martinsried/Planegg

We have reviewed the condensed interim consolidated financial statements - comprising the statement of operations, statement of comprehensive income, balance sheet, statement of changes in stockholders' equity, statement of cash flows and selected explanatory notes - together with the interim group management report of the MorphoSys Aktiengesellschaft, Martinsried/Planegg, for the period from January 1 to June 30, 2010 that are part of the semi annual financial report according to § 37w WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material aspects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material aspects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, July 22, 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pastor
Wirtschaftsprüferin
[German Public Auditor]

Rahn
Wirtschaftsprüfer
[German Public Auditor]

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This interim report is also published in German and is available for download from our website.

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