3rd Interim Report

January – September 2015

morphosys

Engineering the Medicines of Tomorrow

Contents

MorphoSys Group:
3rd Interim Report January – September 2015

Summary of the Third Quarter of 2015

- In September, MorphoSys published an updated overview of its proprietary drug pipeline and reaffirmed its plans to increase investment in development with MOR208 set to become the first proprietary drug candidate in a phase 3 study, which is aimed to start in 2017.
- At the 15th International Myeloma Workshop in September, MorphoSys published an update on the safety and preliminary efficacy data of MOR202 from an ongoing phase 1/2a study. The clinical data confirmed a very good overall safety profile and promising efficacy data from the highest monotherapy cohort and the first combo-therapy cohorts.
- In August, MorphoSys and G7 Therapeutics AG announced a new collaboration to support MorphoSys's activities in developing novel antibody therapeutics targeting G protein-coupled receptors (GPCRs) and other potentially disease-related transmembrane proteins such as ion channels.
- Also in August, MorphoSys announced a strategic alliance with Immatics Biotechnologies GmbH. This alliance was formed for the development of novel antibody-based therapeutics against tumor-associated peptides derived from intracellular proteins.
- In July, MorphoSys announced that its partner, Heptares Therapeutics, exercised an option to initiate its own therapeutic antibody program under the research alliance entered into by the companies in February 2013.
- At the end of the third quarter, MorphoSys's product pipeline comprised a total of 104 therapeutic antibodies, including 24 clinical programs. Three partnered programs are currently in phase 3 trials.

MORPHOSYS PRODUCT PIPELINE AS OF 30 SEPTEMBER 2015

Program/Partner	Indication	Discovery	Preclinic	Phase 1	Phase 2	Phase 3	Market
Bimagrumab, Novartis	Musculoskeletal						
Guselkumab, Janssen/J&J	Psoriasis						
Gantenerumab, Roche	Alzheimer's Disease						
MOR208	ALL/CLL/NHL						
MOR103/GSK3196165, GSK	Inflammation						
MOR202	Multiple Myeloma						
BHQ880, Novartis	Cancer						
BPS804, Mereo/Novartis	Brittle Bone Syndrome						
CNTO3157, Janssen/J&J	Asthma						
CNTO6785, Janssen/J&J	Rheumatoid Arthritis						
LFG316, Novartis	Eye Disease						
LJM716, Novartis	Cancer						
Tarextumab (OMP-59R5), OncoMed	Cancer						
VAY736, Novartis	Inflammation						
MOR209/ES414, Emergent	Prostate Cancer						
Anetumab Ravtansine, Bayer HealthCare	Cancer						
BI-836845, BI	Cancer						
NOV-7, Novartis	Eye Disease						
NOV-8, Novartis	Inflammation						
NOV-9, Novartis	Eye Disease						
NOV-10, Novartis	Cancer						
NOV-11, Novartis	Blood Disorders						
PF-05082566, Pfizer	Cancer						
Vantictumab, OncoMed	Cancer						
MOR106/GPLG2018, Galapagos	Inflammation						
MOR107 (LP2)	Fibrosis						
Immuno-oncology program, Immatics	Cancer						
Immuno-oncology program, Merck Serono	Cancer						
6 MOR Programs	Various Indications						

90 Partnered Programs
13 MOR Programs
1 Outlicensed Program

In addition, 27 partnered programs in pre-clinic, and 43 partnered programs in discovery

Interim Group Management Report: January 1 – September 30, 2015

Business Environment and Activities

ECONOMIC DEVELOPMENT

In the third quarter of 2015, the Eurozone economy recorded 0.3% quarter-on-quarter growth, with Spain, Great Britain, Germany and the Baltic states all able to show signs of economic recovery. The US economy also trended higher supported mainly by growing consumption, greater exports and increased government spending. The interest rate increase by the US Federal Reserve expected by some economists did not occur in the third quarter but is still projected to take place by the end of the year.

In contrast to the situation existing in most other euro area countries, Germany's economic conditions continue to be favorable. Nevertheless, some leading indicators cause skepticism that stems in part from the slowdown in demand growth in the emerging markets and continuing discussions surrounding Greece. The German stock market should continue to profit from the lack of investment alternatives caused by the low level of interest rates.

China suffered a significant economic slowdown causing a downward revision in its growth forecasts for the full year of 2015 to 6.3%. This revision was based on expectations of lower production, reduced construction activity and a weakening labor market.

IMPLICATIONS FOR MORPHOSYS

The economic developments described above had little impact on the commercial development of MorphoSys AG in the first nine months of 2015. The Company's cost basis is somewhat sensitive to the EUR/US dollar exchange rate due to the MOR209/ES414 clinical study being conducted in the US.

INDUSTRY OVERVIEW

In the third quarter, Amgen's antibody evolocumab and Regeneron/Sanofi's alirocumab for the treatment of hypercholesterolemia were approved. Both antibodies belong to the group of new PCSK9 inhibitors and represent a novel generation of antibody therapies. Nivolumab (Bristol-Myers Squibb) also received approval for the indication of non-small cell lung cancer (NSCLC). This is the second indication for nivolumab, which is already used as a monotherapy for advanced unresectable or metastatic melanoma.

A total of fifteen biotechnology companies completed initial public offerings in the third quarter attracting proceeds of US$ 1.8 billion – far lower than in previous quarters. A similar decline was seen in the volume of follow-on capital increases: A total of 46 companies generated proceeds of US$ 5.4 billion, which represented a decline of 22% versus the previous quarter.

The sector's prospects were clouded by more severe share price declines at the end of the quarter brought on by heated discussions in the US concerning the level of drug prices in the pharmaceutical industry and friction in the Chinese capital market.

OPERATIONAL PERFORMANCE

MorphoSys is pleased with the Company's year-to-date performance. Some very promising opportunities emerged, for example, in the area of G protein-coupled receptors (GPCRs), a novel class of target molecules. One of these opportunities was the new therapeutic antibody program in this area started by MorphoSys's partner, Heptares. Additionally, the alliance with G7 Therapeutics gives the Company a chance to develop novel antibody compounds within this innovative research area. MorphoSys and Immatics Biotechnologies formed a strategic alliance in the area of immuno-oncology to develop novel antibody-based therapies against tumor-associated peptides derived from intracellular proteins.

By the end of the third quarter of 2015, MorphoSys's product pipeline comprised 104 partnered and proprietary programs, 24 of which were in clinical development.

With the results achieved in the first nine months of 2015, MorphoSys remains on track to reach its updated operational and financial targets for the full year.

STRATEGY AND GROUP MANAGEMENT

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

Commercial Development

PROPRIETARY DEVELOPMENT

In August 2015, MorphoSys and G7 Therapeutics AG announced a new collaboration to develop novel antibody therapeutics targeting G protein-coupled receptors (GPCRs) and other potentially disease-related transmembrane proteins such as ion channels.

Also in August 2015, MorphoSys announced a strategic alliance with Immatics Biotechnologies GmbH. This alliance in the area of immuno-oncology was formed for the development of novel antibody-based therapeutics against tumor-associated peptides derived from intracellular proteins.

In September 2015, MorphoSys published an updated overview of the clinical development of its proprietary drug pipeline. MorphoSys's proprietary activities are currently focused on three clinical candidates: the hemato-oncology programs MOR208 and MOR202, for which MorphoSys holds the global commercialization rights, and the prostate cancer program, MOR209/ES414, which is being developed together with Emergent BioSolutions. Additionally, MorphoSys plans to commence clinical studies with MOR106 and MOR107 in inflammatory and fibrotic indications in 2016.

At the 15th International Myeloma Workshop in September 2015, MorphoSys published an update on the safety and preliminary efficacy data of MOR202 from an ongoing phase 1/2a study. Clinical data confirmed the overall very good safety profile of MOR202, which was recently reported at this year's annual conference of the American Society of Clinical Oncology (ASCO).

PARTNERED DISCOVERY

In July 2015, MorphoSys announced that its partner, Heptares Therapeutics, a wholly owned subsidiary of the Sosei Group Corporation, exercised an option to initiate its own therapeutic antibody program under the research alliance entered into by the companies in February 2013. Under this program,

MorphoSys will use its Ylanthia antibody library to generate antibody candidates against a disease-relevant target molecule in the class of G protein-coupled receptors (GPCR).

Also in July, MorphoSys announced a milestone payment from Novartis triggered by the initiation of a phase 1 clinical study. The HuCAL antibody is being developed in the field of blood disorders. The milestone payment was recognized in the second quarter of 2015. This is the eleventh antibody based on MorphoSys's technologies that Novartis is evaluating in clinical trials.

ACQUISITION UPDATE

No acquisitions were made during the third quarter of 2015. The integration of the Dutch biopharmaceutical company Lanthio Pharma B.V., acquired in May 2015, into the MorphoSys Group is progressing as planned.

Research and Development

PROPRIETARY DEVELOPMENT

In September 2015, MorphoSys published an update on its proprietary development portfolio. MorphoSys's proprietary activities are currently focused on three clinical candidates: the hemato-oncology programs MOR208 and MOR202, for which MorphoSys holds the global commercialization rights, and the prostate cancer program, MOR209/ES414, which is being developed together with Emergent BioSolutions. Additionally, MorphoSys is working towards commencing clinical studies with MOR106 and MOR107 in inflammatory and fibrotic indications respectively.

MOR208 is an Fc-enhanced antibody targeting CD19. Based on the promising results presented at the 2015 American Society of Clinical Oncology (ASCO) annual meeting, MorphoSys is planning the next stages of MOR208's development:

- MOR208 will be tested in DLBCL in combination with lenalidomide in up to 80 patients with relapsed/refractory DLBCL. The trial is designed as an open-label, single arm study with the primary endpoint of objective response rate (ORR) and multiple secondary endpoints, including progression-free survival (PFS), overall survival (OS) and time to progression (TTP).
- MorphoSys also plans to initiate a pivotal phase 3 trial in DLBCL in 2017. This trial will test MOR208 plus bendamustine head-to-head against the combination of rituximab and bendamustine in approximately 320 patients with relapsed/refractory DLBCL who are ineligible for high-dose chemotherapy (HDC) and autologous stem cell transplantation (ASCT).
- The CLL study will combine MOR208 with idelalisib and is expected to include 120 patients previously treated with Bruton tyrosine kinase (BTK) inhibitor therapy. This study will also be designed as an open-label, single arm trial with the primary endpoint of overall response rate (ORR) and multiple secondary endpoints, including progression-free survival (PFS), overall survival (OS) and time to progression (TTP).
- MOR208 is also being studied in two investigator-initiated trials (IIT). The first of these trials is an ongoing phase 2 trial in CLL being conducted by MorphoSys's academic partner Dr. John Byrd, Director of the Division of Hematology in the Department of Internal Medicine at Ohio State University and Dr. Jennifer Woyach as co-investigator. This study explores a combination of MOR208 and lenalidomide in treatment-naïve, older CLL patients and relapsed/refractory CLL patients. The second IIT is a pediatric study in ALL to be

conducted in collaboration with St. Jude Children's Research Hospital, Memphis, USA. This study will test MOR208 in combination with NK-cell transplantation. Patient recruitment for this study is expected to start in the first half of 2016.

Based on the positive clinical results of MOR208 in non-Hodgkin's lymphoma (NHL), MorphoSys is also evaluating the possibility of initiating additional studies in B cell malignancies.

MOR202 targets CD38, one of the most strongly and uniformly expressed antigens on the surface of malignant plasma cells. MorphoSys presented an update on MOR202's clinical development at the 15th International Myeloma Workshop in September 2015. The data presented confirmed the overall very good safety profile of MOR202, which was recently reported at this year's ASCO annual conference. The update also included the first promising results of the final cohort receiving 16 mg/kg of MOR202 weekly, plus dexamethasone, as well as results of the recently initiated combination cohorts with the immunomodulatory drugs (IMiDs) pomalidomide and lenalidomide.

The primary endpoints of the ongoing clinical trials being conducted in several centers in Germany and Austria are the safety, tolerability and recommended dose of MOR202 as a monotherapy and in combination with the IMiDs pomalidomide and lenalidomide. Secondary outcome measures are pharmacokinetics and preliminary efficacy based on overall response rate, duration of response and progression-free survival.

MOR209/ES414 is in a phase 1 study in patients with metastatic castration-resistant prostate cancer.

In addition to the three clinical programs MOR202, MOR208 and MOR209/ES414, MorphoSys is pursuing a variety of other programs in earlier stages. **MOR103/GSK3196165** was out-licensed to GlaxoSmithKline. In the third quarter, GSK announced the initiation of a phase 2 trial in rheumatoid arthritis.

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

In August 2015, MorphoSys announced a strategic alliance with **Immatics Biotechnologies GmbH** to generate novel antibody-based therapeutics against multiple cancer antigens recognized by T cells. The collaboration agreement provides MorphoSys with access to several proprietary tumor-associated peptides (TUMAPs) discovered using Immatics's XPRESIDENT® technology platform. XPRESIDENT® enables the discovery of targets associated with proteins present within cancer cells. In return, Immatics will be provided with rights to develop Ylanthia antibodies against several TUMAPs. The companies will make milestone payments to each other based on their respective development progress and will pay royalties on marketed products.

In August 2015, MorphoSys and G7 Therapeutics AG announced a new collaboration to develop novel antibody therapeutics targeting G protein-coupled receptors (GPCRs) and other potentially disease-related transmembrane proteins such as ion channels. Under the terms of the agreement, G7 Therapeutics will generate a set of disease-relevant receptors proposed by MorphoSys that are believed to be related to the emergence of various diseases. MorphoSys will then apply its proprietary Ylanthia antibody library to discover and develop antibody therapeutics against these receptors. MorphoSys has the right to sublicense to partners access to these targets in conjunction with therapeutic antibody programs.

In the course of the first nine months of 2015, the number of proprietary therapeutic antibody programs grew to a total of 14 active programs, thereof 1 out-licensed (December 31, 2014: 10 proprietary programs, thereof 1 out-licensed). Of these programs, 4 are in clinical development, 2 are in preclinical development and 8 are in the discovery stage.

PARTNERED DISCOVERY

At the end of the second quarter, MorphoSys's partner Novartis initiated its eleventh clinical program based on MorphoSys's technologies. The HuCAL antibody is being developed in the field of blood disorders. In the second quarter of 2015, MorphoSys recognized a related milestone payment.

In July 2015, Heptares Therapeutics, a wholly owned subsidiary of the Sosei Group Corporation, exercised an option to initiate its own therapeutic antibody program from the research alliance the companies entered into in February 2013. Under the program, MorphoSys will use its Ylanthia antibody library to generate antibody candidates against a disease-relevant target molecule in the class of G protein-coupled receptors (GPCR). The target was chosen by Heptares and generated using its proprietary StaR® platform.

In the third quarter, MorphoSys's partners continued to pursue their antibody programs and announced some progress.

- At the World Conference on Lung Cancer, Bayer presented new clinical data on anetumab ravtansine (BAY 94-9343). Anetumab ravtansine is an antibody-drug conjugate directed against the target molecule mesothelin.
- Also at the World Conference on Lung Cancer, OncoMed announced new biomarker and updated clinical data for tarextumab (OMP-59R5).

In the course of the first nine months of 2015, the number of partnered therapeutic antibody programs grew to a total of 90 active programs (December 31, 2014: 84 partnered programs). Of these programs, 20 are in clinical development, 27 are in preclinical development and 43 are in the discovery stage.

Intellectual Property

In the first nine months of 2015, MorphoSys continued to consolidate and expand the patent protection of its development programs and growing technology portfolio – both of which represent key value drivers for the Company.

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

Human Resources

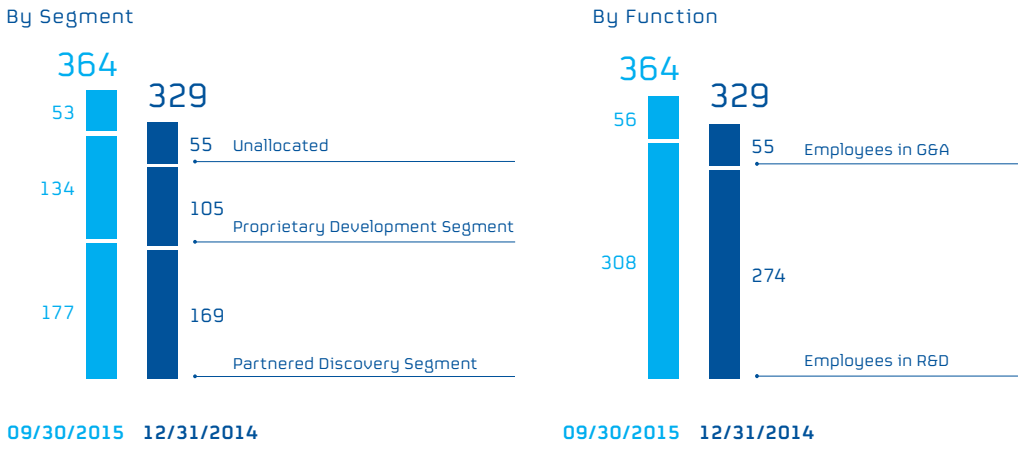
On September 30, 2015, the MorphoSys Group had 364 employees (December 31, 2014: 329). During the first nine months of 2015, the MorphoSys Group employed an average of 354 people (1-9/2014: 311).

Of these 364 employees, 308 were employed in research and development and 56 in the division general and administrative functions (December 31, 2014: 274 and 55, respectively).

Of the 364 employees, 134 were engaged in the Proprietary Development segment and 177 were employed in the Partnered Discovery segment (December 31, 2014: 105 in the Proprietary Development segment and 169 in the Partnered Discovery segment). The remaining 53 employees could not be allocated to either of these segments (December 31, 2014: 55).

On September 30, 2015, MorphoSys had nine trainees (December 31, 2014: eight).

EMPLOYEES BY SEGMENT AND FUNCTION



Financial Analysis

On May 7, 2015, MorphoSys AG acquired all outstanding shares of the Dutch biopharmaceutical company Lanthio Pharma B.V., Groningen, Netherlands for a purchase price of € 20.0 million. Prior to the acquisition, MorphoSys held 19.98% of Lanthio Pharma B.V. In turn, Lanthio Pharma B.V. owns 100% of Lanthio Pep B.V., which is also located in Groningen. As of May 7, 2015, both companies were included in the MorphoSys Group's scope of consolidation for the first time and, therefore, had an impact on these interim financial statements.

Revenues

In comparison to the previous year, Group revenues grew to € 93.9 million (1-9/2014: € 46.9 million). This increase primarily resulted from the termination of the cooperation with Celgene for the co-development and co-promotion of MOR202 and the resulting recognition of what was previously accounted for as deferred revenue.

Success-based payments amounted to 3% of total revenue (1-9/2014: 5%).

From a geographical standpoint, MorphoSys generated 66%, or € 61.7 million, of its commercial revenues with biotechnology and pharmaceutical companies and non-profit organizations headquartered in North America and 34%, or € 32.2 million, with customers primarily located in Europe and Asia. In the comparable period of the previous year, these figures were 27% and 73%, respectively.

Approximately 98% of the Group's revenues derived from the customers Celgene, Novartis and Pfizer (1-9/2014: 93% with Novartis, Celgene and Contrafect).

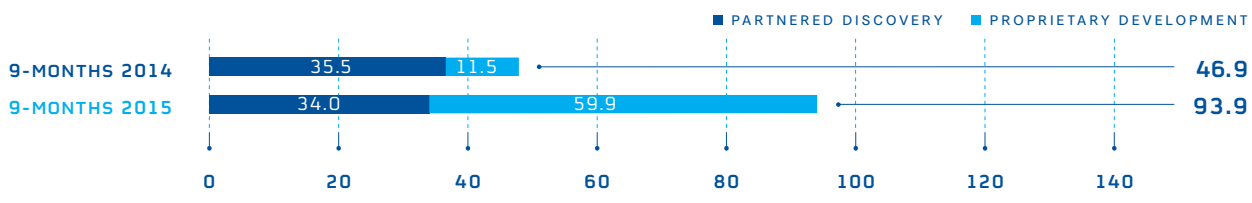
PROPRIETARY DEVELOPMENT SEGMENT

In the first nine months of 2015, the Proprietary Development segment generated revenues of € 59.9 million (1-9/2014: € 11.5 million). These revenues were mainly the result of the termination of the Company's co-development activities with Celgene in the first quarter of 2015.

PARTNERED DISCOVERY SEGMENT

The revenues of the Partnered Discovery segment included € 31.5 million in funded research and license fees (1-9/2014: € 33.1 million) as well as € 2.5 million in success-based payments (1-9/2014: € 2.4 million).

REVENUE DEVELOPMENT BY SEGMENT (IN € MILLION)*



* Differences due to rounding

Operating Expenses

In the first nine months of 2015, operating expenses increased to € 63.6 million (1-9/2014: € 51.1 million). Expenses consisted of € 53.1 million for research and development (1-9/2014: € 40.8 million) and € 10.6 million in general and administrative expenses (1-9/2014: € 10.3 million). Research and development expenses increased as expected as a result of current projects.

The operating expenses in the Proprietary Development segment rose from € 24.2 million to € 38.0 million and those in the Partnered Discovery segment decreased to € 15.9 million (1-9/2014: € 17.2 million).

Personnel expenses resulting from share-based payments are included in general and administrative expenses and within research and development expenses. These expenses totaled € 2.9 million in the first nine months of 2015 (1-9/2014: € 3.2 million) and represent a non-cash expense.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses increased to € 53.1 million in the first nine months of 2015 (1-9/2014: € 40.8 million). These expenses consisted of expenses for external laboratory services (1-9/2015: € 20.5 million; 1-9/2014: € 10.2 million), personnel expenses (1-9/2015: € 19.1 million; 1-9/2014: € 16.2 million), expenses for external services (1-9/2015: € 3.8 million; 1-9/2014: € 0.8 million), expenses for technical infrastructure (1-9/2015: € 3.2 million; 1-9/2014: € 3.1 million), expenses related to intangible assets (1-9/2015: € 2.4 million; 1-9/2014: € 7.0 million), expenses for consumables (1-9/2015: € 2.0 million; 1-9/2014: € 1.6 million) and other expenses (1-9/2015: € 2.1 million; 1-9/2014: € 1.8 million).

In the first nine months of 2015, the Company incurred expenses for proprietary product development of € 38.0 million (1-9/2014: € 24.2 million) and € 1.9 million in expenses for technology development (1-9/2014: € 1.9 million).

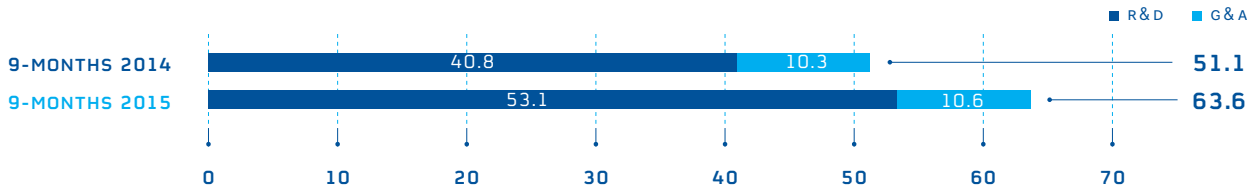
DISTRIBUTION OF R&D EXPENSES (IN MILLION €)

	1-9/2015	1-9/2014
R&D Expenses on behalf of Partners	13.2	14.7
Proprietary Development Expenses	38.0	24.2
Technology Development Expenses	1.9	1.9
R&D Total	**53.1**	**40.8**

GENERAL AND ADMINISTRATIVE EXPENSES

At a total of € 10.6 million, general and administrative expenses were slightly above the level reported for the comparable period of the previous year (1-9/2014: € 10.3 million). These expenses consisted of personnel expenses (1-9/2015: € 7.5 million; 1-9/2014: € 7.1 million), expenses for external services (1-9/2015: € 1.7 million; 1-9/2014: € 1.9 million), expenses for technical infrastructure (1-9/2015: € 0.6 million; 1-9/2014: € 0.6 million), other expenses (1-9/2015: € 0.6 million; 1-9/2014: € 0.6 million) and expenses related to intangible assets (1-9/2015: € 0.1 million; 1-9/2014: € 0.1 million).

DEVELOPMENT OF OPERATING EXPENSES (IN € MILLION)*



* Differences due to rounding

Other Income and Expenses

Other income amounted to € 4.9 million (1-9/2014: € 0.7 million) and in the year 2015 included mainly earnings effects from the fair-value measurement of the shares already held in Lanthio Pharma B.V. in the amount of € 4.5 million. Other income also contained grants and currency gains. Other expenses amounted to € 0.4 million (1-9/2014: € 0.2 million) and resulted mainly from currency losses.

EBIT

Earnings before interest and taxes (EBIT) were € 34.7 million compared to € -3.7 million in the previous year. The EBIT of the Proprietary Development segment totaled € 26.5 million (1-9/2014: € -12.7 million) while the Partnered Discovery segment generated an EBIT of € 18.1 million (1-9/2014: € 18.3 million).

Finance Income and Expenses

Finance income reached € 2.6 million (1-9/2014: € 1.5 million) and mainly comprised realized and unrealized gains from foreign-exchange forward contracts as well as interest income. Finance expenses of € 0.3 million (1-9/2014: € 0.1 million) resulted primarily from realized and unrealized losses from foreign-exchange forward contracts.

Taxes

In the first nine months of 2015, the Group's income tax expense totaled € 8.8 million (1-9/2014: tax benefit of € 0.3 million). This year's expense consisted of € 6.9 million in current tax expenses and deferred tax expenses of € 1.9 million.

Consolidated Net Profit/Loss for the Period

In the first nine months of 2015, the Group generated a net profit of € 28.2 million (1-9/2014: € -2.0 million).

Financial Position

CASH FLOWS

Net cash outflows from operating activities amounted to € 3.8 million in the first nine months of 2015 (1-9/2014: outflow of € 3.3 million). Investment activities resulted in a cash inflow of € 3.2 million (1-9/2014: inflow of € 10.4 million). Financing activities in the first nine months of 2015 produced an outflow of € 5.0 million (1-9/2014: outflow of € 5.0 million).

INVESTMENTS

In the first nine months of 2015, MorphoSys invested € 1.0 million in property, plant and equipment (1-9/2014: € 2.3 million). These investments were mainly made in laboratory equipment (primarily machinery) and computer hardware. Depreciation of property, plant and equipment remained unchanged for the 2015 nine-month period and amounted to € 1.1 million (1-9/2014: € 1.1 million).

In the first nine months of 2015, the Company invested € 7.2 million in intangible assets (1-9/2014: € 16.4 million), which mainly consisted of a milestone payment to Emergent. Amortization of intangible assets in the first nine months of 2015 totaled € 1.4 million and was below the previous year's level (1-9/2014: € 2.2 million).

LIQUIDITY

On September 30, 2015, the Company held cash and cash equivalents, marketable securities and other financial assets of € 317.7 million in comparison to € 352.8 million on December 31, 2014.

This sum consisted of cash and cash equivalents amounting to € 26.6 million (December 31, 2014: € 32.2 million), marketable securities and bonds of € 110.7 million (December 31, 2014: € 113.5 million) and other financial assets totaling € 166.4 million (December 31, 2014: € 157.0 million), which are reported under the category "loans and receivables" within current assets. On September 30, 2015, further investments of € 14.0 million categorized as "loans and receivables" were reported under non-current assets (December 31, 2014: € 50.0 million).

The decrease in marketable securities and other financial assets was mainly a result of the purchase of all outstanding shares of Lanthio Pharma B.V., the milestone payment to Emergent as well as the use of cash and cash equivalents for operating activities during the first nine months of 2015.

Balance Sheet

ASSETS

On September 30, 2015, total assets amounted to € 422.5 million, or € 4.0 million lower than their level on December 31, 2014 (€ 426.5 million). Current assets decreased by € 2.2 million. The increase in bonds, available-for-sale and financial assets under the category of "loans and receivables" was more than compensated by the use of cash and cash equivalents for operating activities during the first nine

months of 2015, the acquisition of all outstanding shares of Lanthio Pharma B.V. amounting to € 20.0 million in cash as well as the decline in accounts receivable.

In comparison to December 31, 2014, non-current assets decreased by € 1.8 million to € 102.3 million mainly as a result of the reclassification of cash invested on a long-term basis to current assets due to the remaining term of less than twelve months. This effect was largely offset by the € 32.7 million increase in in-process R&D programs due to the preclinical programs acquired through the acquisition of Lanthio Pharma B.V. and as a result of the milestone payment to Emergent. The MOR107 preclinical program (formerly known as LP2) obtained through the acquisition of Lanthio Pharma B.V. has been included in the proprietary portfolio of MorphoSys since May 2015.

LIABILITIES

Current liabilities increased from € 32.7 million on December 31, 2014, to € 36.4 million on September 30, 2015. This increase was mainly driven by higher accounts payable and accrued expenses and tax provisions. The increase was largely offset by a decrease in the current portion of deferred revenues.

Non-current liabilities decreased by € 33.7 million in comparison to December 31, 2014. The decline was primarily the result of the recognition of deferred revenues through profit and loss due to the termination of the cooperation with Celgene for the co-development and co-promotion of the MOR202 program.

STOCKHOLDERS' EQUITY

On September 30, 2015, the Group's stockholders' equity amounted to € 374.9 million in comparison to € 348.8 million on December 31, 2014.

The number of shares issued totaled 26,479,334 as of September 30, 2015. Of those, 26,044,664 were outstanding (December 31, 2014: 26,456,834 total shares and 26,005,944 shares outstanding).

As of September 30, 2015, the value of treasury stock increased from € 14,251,962 on December 31, 2014, to € 15,828,999 mainly due to MorphoSys's repurchase of 88,670 of its own shares on the stock exchange. The repurchase, which totaled € 5,389,984, was carried out at an average share price of € 60.79. The increase in treasury stock mentioned above was offset by the transfer from the 2011 long-term incentive plan (LTI plan) of 104,890 of the Company's own shares in the amount of € 3,816,947 to the Management Board and Senior Management Group. The four-year vesting period for this LTI program expired on June 1, 2015. As a result, the number of MorphoSys shares owned by the Company totaled 434,670 as of September 30, 2015.

Financing

The Company's equity ratio was 89% on September 30, 2015, in comparison to its level of 82% on December 31, 2014. The Company is currently not financed with financial debt.

Risk and Opportunity Report

The collaboration with Celgene on MOR202 was terminated in the first quarter of 2015. During the 2015 financial year, there will be only an insignificant increase in MorphoSys's costs for the compound's development compared to the level MorphoSys would have incurred under the co-development agreement with Celgene. Development costs in 2016, however, will be higher due to the discontinuation of cost sharing and the Company will not receive milestone payments and royalties as originally planned in the Celgene alliance. If the compound shows sufficient clinical efficacy and safety, there may be lucrative opportunities for the program in the future, particularly in terms of new partnerships.

As MorphoSys increases its focus on its proprietary development programs, the risks relating to this part of the Company's business model will gain greater importance. The failure of individual programs or clinical trials may have a significant impact on short-, medium- and long-term financial planning and could lead to impairments on in-licensed programs and therefore to negative effects on net assets and results of operations.

The other risks and opportunities and their assessment remain unchanged from the situation described on pages 61–69 in the 2014 Annual Report.

Subsequent Events

No events occurred that require reporting.

Outlook

EXPECTED DEVELOPMENT IN THE LIFE SCIENCES SECTOR

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

New drug approvals and innovations, clearer guidelines for approval and strong demand for new drugs, will continue to drive the growth of the pharmaceutical and biotechnology industry. The number of newly approved drugs will remain high and perhaps even increase, with an increasing average revenue per drug. However, pricing and reimbursement policies will remain at the center of attention. Discussions concerning the level of drug prices and their burden on the global healthcare system clouded expectations for the sector at the end of the third quarter.

FINANCIAL GUIDANCE

MorphoSys's financial guidance for the 2015 financial year, which was updated on March 26, 2015, remains unchanged. For the full year, the Company expects revenues in the range of € 101 million to € 106 million. Based on management's current plans, expenses for proprietary research and development are expected to be between € 56 million and € 63 million. MorphoSys expects earnings before interest and taxes (EBIT) in the range of € 9 million to € 16 million for the 2015 financial year.

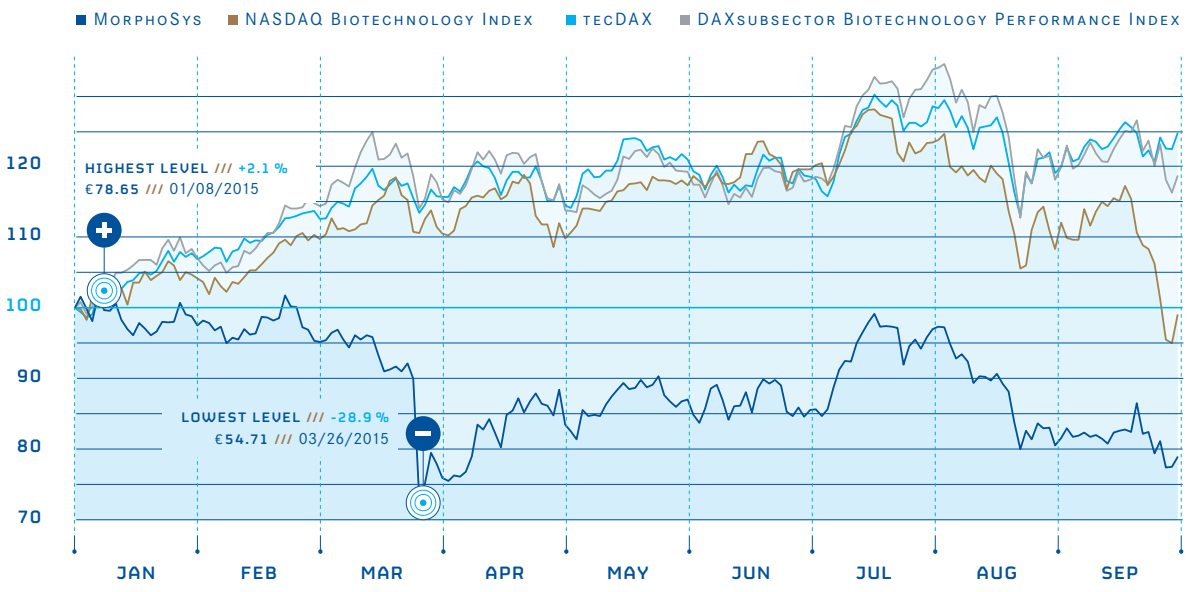
The statements in the 2014 Annual Report on pages 45–48 concerning the strategic outlook, the expected commercial and human resources developments, future research and development and the dividend policy continue to apply. The significantly higher number of planned and ongoing studies for MOR208 announced in September 2015, including the planned pivotal study in DLBCL, should lead to significantly higher proprietary R&D expenditures in 2016 and beyond compared to previous years. MorphoSys will publish its financial guidance for the upcoming financial year in the first quarter of 2016.

Share Price Performance

During the third quarter of 2015, MorphoSys AG shares performed more or less in step with the turbulent stock market. The Company's shares closed at € 59.61 on September 30, 2015, for a year-to-date decline of 22.2%. MorphoSys AG's market capitalization amounted to roughly € 1.6 billion.

This development placed MorphoSys's share performance below that of the industry's major benchmark indices. In the course of the first nine months of 2015, the NASDAQ Biotechnology Index declined by 0.5%, whereas the TecDAX climbed 27.4% and the DAX Subsector Biotechnology Performance Index rose 20.2%.

THE MORPHOSYS SHARE (2 JANUARY 2015 = 100 %)



Consolidated Income Statement (IFRS) – (unaudited)

€	Note	Three Months Ended 09/30/2015	Three Months Ended 09/30/2014	Nine Months Ended 09/30/2015	Nine Months Ended 09/30/2014
Revenues	**2**	**11,301,248**	**16,399,454**	**93,910,371**	**46,947,061**
Operating Expenses	**2**				
Research and Development		19,166,168	17,391,592	53,072,641	40,780,763
General and Administrative		3,556,577	3,603,090	10,554,961	10,349,500
Total Operating Expenses		**22,722,745**	**20,994,682**	**63,627,602**	**51,130,263**
Other Income		127,335	455,328	4,904,358	686,180
Other Expenses		43,223	9,460	440,460	240,328
Earnings before Interest and Taxes (EBIT)		**(11,337,385)**	**(4,149,360)**	**34,746,667**	**(3,737,350)**
Finance Income	4	430,035	962,368	2,600,961	1,510,178
Finance Expenses	4	7,481	11,352	306,542	80,053
Income Tax (Expenses) / Income		2,626,646	626,631	(8,809,471)	299,160
Consolidated Net Profit / (Loss)		**(8,288,185)**	**(2,571,713)**	**28,231,615**	**(2,008,065)**
Basic Net Profit / (Loss) per Share		**(0.32)**	**(0.10)**	**1.09**	**(0.08)**
Diluted Net Profit / (Loss) per Share		**(0.32)**	**(0.10)**	**1.07**	**(0.08)**
Shares Used in Computing Basic Net Result per Share		26,042,247	25,926,944	26,007,900	25,881,815
Shares Used in Computing Diluted Net Result per Share		26,311,342	26,262,421	26,282,399	26,202,586

See accompanying Notes

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

€	Three Months Ended 09/30/2015	Three Months Ended 09/30/2014	Nine Months Ended 09/30/2015	Nine Months Ended 09/30/2014
Consolidated Net Profit / (Loss)	**(8,288,185)**	**(2,571,713)**	**28,231,615**	**(2,008,065)**
Change in Unrealized Gains and Losses on Available-for-sale Financial Assets and Bonds	(135,198)	(634,159)	(47,749)	(358,459)
(Thereof Reclassifications of Unrealized Gains and Losses to Profit and Loss)	(1,141)	(544,222)	64,291	(356,096)
Change of Tax Effects presented in Other Comprehensive Income on Available-for-sale Financial Assets and Bonds	35,597	142,835	12,572	77,155
Change in Unrealized Gains and Losses on Available-for-sale Financial Assets and Bonds, Net of Taxes	(99,601)	(491,324)	(35,177)	(281,304)
Foreign Currency Gain from Consolidation	639	77,172	1,277	101,237
Comprehensive Income	**(98,962)**	**(414,152)**	**(33,900)**	**(180,067)**
Total Comprehensive Income	**(8,387,147)**	**(2,985,865)**	**28,197,715**	**(2,188,132)**

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

Consolidated Balance Sheet (IFRS)

€	Note	30 September 2015 (unaudited)	31 December 2014 (audited)
ASSETS			
Current Assets			
Cash and Cash Equivalents	4, 5	26,622,587	32,238,161
Available-for-sale Financial Assets	4, 5	75,772,650	106,039,373
Bonds, Available-for-sale	4, 5	34,926,759	7,488,259
Financial Assets classified as Loans and Receivables	4, 5	166,357,716	156,993,068
Accounts Receivable	5	10,255,801	14,990,532
Tax Receivables		885,680	1,120,563
Other Receivables	4, 5	1,283,625	100,194
Inventories, Net		529,053	556,171
Prepaid Expenses and Other Current Assets		3,571,214	2,869,067
Total Current Assets		**320,205,085**	**322,395,388**
Non-current Assets			
Property, Plant and Equipment, Net		3,556,750	3,557,729
Patents, Net		6,376,046	6,987,910
Licenses, Net		3,269,265	1,343,188
In-process R&D Programs	3	60,959,887	28,254,201
Software, Net		2,010,594	2,042,206
Goodwill	3	11,041,035	7,352,467
Financial Assets classified as Loans and Receivables, Net of Current Portion	4	14,008,360	50,030,000
Shares Available-for-sale, Net of Current Portion		0	1,726,633
Deferred Tax Asset		0	1,737,387
Prepaid Expenses and Other Assets, Net of Current Portion		1,036,739	1,050,864
Total Non-current Assets		**102,258,676**	**104,082,585**
TOTAL ASSETS		**422,463,761**	**426,477,973**

See accompanying Notes

€	Note	30 September 2015 (unaudited)	31 December 2014 (audited)
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities			
Accounts Payable and Accrued Expenses	5	26,587,849	17,830,792
Tax Provisions		5,526,222	777,281
Provisions		80,842	19,541
Current Portion of Deferred Revenue		4,165,575	14,075,166
Total Current Liabilities		**36,360,488**	**32,702,780**
Non-current Liabilities			
Provisions, Net of Current Portion		43,344	43,344
Deferred Revenue, Net of Current Portion		3,827,685	44,677,035
Convertible Bonds due to Related Parties	5	244,254	251,679
Deferred Tax Liability		7,124,807	0
Total Non-current Liabilities		**11,240,090**	**44,972,058**
Total Liabilities		**47,600,578**	**77,674,838**
Stockholders' Equity			
Common Stock	6	26,479,334	26,456,834
Ordinary Shares Issued (26,479,334 and 26,456,834 for 2015 and 2014, respectively)			
Ordinary Shares Outstanding (26,044,664 and 26,005,944 for 2015 and 2014, respectively)			
Treasury Stock (434,670 and 450,890 shares for 2015 and 2014, respectively), at Cost	6	(15,828,999)	(14,251,962)
Additional Paid-in Capital	6	317,792,590	318,375,720
Revaluation Reserve	6	(39,819)	(4,642)
Translation Reserve	6	295,123	293,846
Accumulated Income		46,164,954	17,933,339
Total Stockholders' Equity		**374,863,183**	**348,803,135**
Total Liabilities and Stockholders' Equity		**422,463,761**	**426,477,973**

See accompanying Notes

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

	Common Stock	
	Shares	**€**
Balance as of 1 January 2014	**26,220,882**	**26,220,882**
Compensation Related to the Grant of Convertible Bonds and Performance Shares	0	0
Exercise of Convertible Bonds Issued to Related Parties	171,202	171,202
Repurchase Treasury Stock in Consideration of Bank Fees	0	0
Reserves:		
Change in Unrealized Gain on Available-for-sale Financial Assets and Bonds, Net of Tax Effects	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 from Consolidation	0	0
Consolidated Net Profit for the Period	0	0
Total Comprehensive Income	0	0
Balance as of 30 September 2014	**26,392,084**	**26,392,084**
Balance as of 1 January 2015	**26,456,834**	**26,456,834**
Compensation Related to the Grant of Convertible Bonds and Performance Shares	0	0
Exercise of Convertible Bonds Issued to Related Parties	22,500	22,500
Repurchase Treasury Stock in Consideration of Bank Fees	0	0
Stock-based Compensation	0	0
Reserves:		
Change in Unrealized Gain on Available-for-sale Financial Assets and Bonds, Net of Tax Effects	0	0
Foreign Currency Gains from Consolidation	0	0
Consolidated Net Profit for the Period	0	0
Total Comprehensive Income	0	0
Balance as of 30 September 2015	**26,479,334**	**26,479,334**

See accompanying Notes

	Treasury Stock		Additional Paid-in Capital	Revaluation Reserve	Translation Reserve	Accumulated Income	Total Stockholders' Equity
	Shares	€	€	€	€	€	€
	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**
	450,890	**(14,251,962)**	**318,375,720**	**(4,642)**	**293,846**	**17,933,339**	**348,803,135**
	0	0	2,878,542	0	0	0	2,878,542
	0	0	355,275	0	0	0	377,775
	88,670	(5,393,984)	0	0	0	0	(5,393,984)
	(104,890)	3,816,947	(3,816,947)	0	0	0	0
	0	0	0	(35,177)	0	0	(35,177)
	0	0	0	0	1,277	0	1,277
	0	0	0	0	0	28,231,615	28,231,615
	0	0	0	(35,177)	1,277	28,231,615	28,197,715
	434,670	**(15,828,999)**	**317,792,590**	**(39,819)**	**295,123**	**46,164,954**	**374,863,183**

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

For the Period Ended 30 September (in €)	Note	2015	2014
Operating Activities:			
Consolidated Net Profit / (Loss)		28,231,615	(2,008,065)
Adjustments to Reconcile Net Profit to Net Cash Provided / (Used) by Operating Activities:			
Impairment of Assets		0	4,092,843
Depreciation and Amortization of Tangible and Intangible Assets		2,573,204	3,261,694
Net Gain on Sales of Financial Assets		56,554	(740,302)
Purchases of Derivative Financial Instruments		0	(15,820)
Net (Gain) / Loss on Derivative Financial Instruments		(1,188,116)	4,994
(Gain) / Loss on Sale of Property, Plant and Equipment		694	(4,897)
Loss from Liquidation of Subsidiaries		0	76,489
Recognition of Deferred Revenue		(68,547,066)	(26,504,816)
Stock-based Compensation	6, 9	2,878,542	3,174,832
Income Tax (Expenses) / Income		8,809,471	(299,160)
Gain from Revaluation of Participations	3	(4,495,020)	0
Changes in Operating Assets and Liabilities:			
Accounts Receivable		4,821,430	(3,171,657)
Prepaid Expenses, Other Assets and Tax Receivables		(2,214,729)	2,148,962
Accounts Payable and Accrued Expenses and Provisions		9,726,919	(803,227)
Other Liabilities		(441,889)	128,452
Deferred Revenue		17,788,125	17,863,327
Income Taxes Paid		(1,779,325)	(507,137)
Net Cash Provided by / (Used in) Operating Activities		**(3,779,591)**	**(3,303,489)**

See accompanying Notes

in €	Note	2015	2014
Investing Activities:			
Purchases of Available-for-sale Financial Assets		(25,600,000)	(81,685,038)
Proceeds from Sales of Available-for-sale Financial Assets		56,005,472	177,131,645
Purchase of Bonds, Available-for-sale	4	(27,681,550)	0
Proceeds from Sales of Bonds, Available-for-sale	4	0	6,156,203
Purchase of Financial Assets Classified as Loans and Receivables	4	(30,092,378)	(191,635,544)
Proceeds from Sale of Financial Assets Classified as Loans and Receivables	4	55,957,895	113,864,941
Acquisitions, Net of Cash Acquired	3	(18,169,658)	0
Purchase of Property, Plant and Equipment		(1,020,094)	(2,337,535)
Proceeds from Disposals of Property, Plant and Equipment		0	5,000
Purchase of Intangibles		(7,202,606)	(16,378,699)
Proceeds from Closing of an Escrow Account		0	4,686,883
Interest Received		990,465	615,987
Net Cash Provided by / (Used in) Investing Activities		**3,187,546**	**10,423,843**
Financing Activities:			
Repurchase Treasury Stock in Consideration of Bank Fees	6	(5,393,984)	(7,833,944)
Proceeds from the Exercise of Convertible Bonds Granted to Related Parties	6	372,744	2,885,890
Net of Proceeds and Payments from the Issuance of Convertible Bonds Granted to Related Parties		0	(25,560)
Interest Paid		(2,394)	(11,408)
Net Cash Provided / (Used in) Financing Activities		**(5,023,634)**	**(4,985,022)**
Effect of Exchange Rate Differences on Cash		104	436
Increase / (Decrease) in Cash and Cash Equivalents		(5,615,574)	2,135,768
Cash and Cash Equivalents at the Beginning of the Period		**32,238,161**	**71,873,696**
Cash and Cash Equivalents at the End of the Period		**26,622,587**	**74,009,464**

See accompanying Notes

Notes (unaudited)

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

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

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

The condensed interim consolidated financial statements were approved for publication on November 4, 2015.

The consolidated financial statements as of September 30, 2015, include MorphoSys AG, Sloning BioTechnology GmbH, Poole Real Estate Ltd. (formerly Biogenesis UK Ltd.), Lanthio Pharma B.V. and Lanthio Pep B.V., which are collectively known as the "Group".

On September 30, 2015, Poole Real Estate Ltd. was in the process of liquidation. The liquidation was resolved by the shareholders and entered into the commercial register of the United Kingdom (Companies House) on March 20, 2014.

1 Accounting Policies

The accounting and valuation principles applied to the consolidated financial statements for the financial year ending December 31, 2014, were also applied to the first nine months of 2015 and can be found on the Company's website under www.morphosys.com/financial-reports. Additional information regarding accounting and valuation principles for business combinations pursuant to IFRS 3 are provided in Note 3.

The following new and revised standards and interpretations that were not yet mandatory for the financial year or were not yet adopted by the European Union have not been applied in advance. Standards with the remark "yes" are likely to have an impact on the consolidated financial statements.

Their impact is currently being assessed by the Group. Standards with the remark “none” are not likely to have a material impact on the consolidated financial statements.

Standard / Interpretation		Mandatory application for financial years starting on	Adopted by the European Union	Possible impact on MorphoSys
IAS 1 (A)	Disclosure Initiative	01.01.2016	no	yes
IAS 19 (A)	Employee Contributions to Defined Benefit Plans	01.02.2015	yes	no
IFRS 10/12 und IAS 28 (A)	Investment Entities - Applying the Consolidation Exception	01.01.2016	no	no
IFRIC 21	Levies	17.06.2014	yes	no
	Improvements to International Financial Reporting Standards, 2010 – 2012 cycle	01.02.2015	yes	no
	Improvements to International Financial Reportings Standards, 2011 – 2013 cycle	01.01.2015	yes	no

(A) Amended

2 Segment Reporting

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

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

The Group consists of the following operating segments.

PROPRIETARY DEVELOPMENT

This segment comprises all activities relating to the proprietary development of therapeutic antibodies. The activities of this segment currently include the clinical development of the proprietary programs MOR208 and MOR209/ES414 and the co-development of MOR202 with Celgene (this cooperation was terminated with the effective date of March 26, 2015 and has since been continued by MorphoSys in the Proprietary Development segment). The proprietary program MOR103, which is also included in this segment, was out-licensed to GSK, and all activities are carried out by GSK. MorphoSys is also pursuing further programs that are at an early stage of proprietary development or that fall under co-development agreements. The MOR107 preclinical program (formerly LP2) resulting from the acquisition of Lanthio Pharma B.V. is part of MorphoSys’s proprietary portfolio since May 2015.

PARTNERED DISCOVERY

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

For the Nine Months Period Ended 30 September (in 000's €)	Proprietary Development		Partnered Discovery		Unallocated		Group	
	2015	2014	2015	2014	2015	2014	2015	2014
External Revenues	59,865	11,475	34,045	35,472	0	0	93,910	46,947
Other Operating Expenses	38,039	24,190	15,948	17,213	9,640	9,727	63,627	51,130
Other Income	4,696	56	5	15	204	615	4,905	686
Other Expenses	8	0	1	0	432	240	441	240
Segment EBIT	**26,514**	**(12,659)**	**18,101**	**18,274**	**(9,868)**	**(9,352)**	**34,747**	**(3,737)**
Finance Income	0	0	0	0	2,601	1,510	2,601	1,510
Finance Expenses	0	0	0	0	307	80	307	80
Profit before Taxes	**26,514**	**(12,659)**	**18,101**	**18,274**	**(7,574)**	**(7,922)**	**37,041**	**(2,307)**
Income Tax (Expenses) / Income	0	0	0	0	(8,809)	299	(8,809)	299
Consolidated Net Profit / (Loss)	**26,514**	**(12,659)**	**18,101**	**18,274**	**(16,383)**	**(7,623)**	**28,232**	**(2,008)**

For the Three Months Period Ended 30 September (in 000's €)	Proprietary Development		Partnered Discovery		Unallocated		Group	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues	285	3,776	11,016	12,624	0	0	11,301	16,400
Operating Expenses	14,067	10,562	5,371	7,034	3,284	3,398	22,722	20,994
Other Income	75	15	4	11	49	429	128	455
Other Expenses	8	0	1	(170)	35	180	44	10
Segment EBIT	**(13,715)**	**(6,771)**	**5,648**	**5,771**	**(3,270)**	**(3,149)**	**(11,337)**	**(4,149)**
Finance Income	0	0	0	0	430	962	430	962
Finance Expenses	0	0	0	0	8	11	8	11
Profit before Taxes	**(13,715)**	**(6,771)**	**5,648**	**5,771**	**(2,848)**	**(2,198)**	**(10,915)**	**(3,198)**
Income Tax (Expenses) / Income	0	0	0	0	2,627	626	2,627	626
Consolidated Net Profit / (Loss)	**(13,715)**	**(6,771)**	**5,648**	**5,771**	**(221)**	**(1,572)**	**(8,288)**	**(2,572)**

* Differences due to rounding.

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

For the Period Ended 30 September (in 000's €)	2015	2014
Germany	568	535
Other Europe and Asia	31,662	33,606
USA and Canada	61,680	12,806
Total	**93,910**	**46,947**

3 Business Combinations

On May 7, 2015, MorphoSys acquired all outstanding shares of the Dutch biopharmaceutical company Lanthio Pharma B.V. for a one-time payment of € 20.0 million. Since this date, Lanthio Pharma B.V.'s activities have been fully included in MorphoSys's consolidated financial statements. Prior to the acquisition, MorphoSys held 19.98% of Lanthio Pharma B.V. The transaction added Lanthio Pharma's leading LP2 program – a novel lanthipeptide currently in development for diabetic nephropathy and possibly other fibrotic diseases – to MorphoSys's growing proprietary portfolio.

In accordance with IFRS 3, this business combination is accounted for according to the acquisition method under which the acquired identifiable assets and liabilities are recognized at their fair value as of the acquisition date. The positive difference between the acquisition costs of the business combination and the share in the net fair value of the assets, liabilities and contingent liabilities identified in the context of the acquisition is separately recognized as goodwill and is allocated to the respective cash-generating unit.

The fair value of the acquired receivables is € 0.5 million. This amount corresponds to the gross amount of the receivables.

In the period from May 7, 2015, to September 30, 2015, the acquired company contributed a net loss of € 1.2 million to the Group's net profit. Group revenues were not affected by the acquisition.

Had the acquisition occurred on January 1, 2015, the management estimates that the Group net profit as of September 30, 2015, would have amounted to € 27.3 million.

The cash consideration paid for all outstanding shares was € 20,000,000. Furthermore, the conversion right included in the loan (€ 0.7 million) was exercised in exchange for shares in the company. As a result, the share in the company temporarily increased to 25.63%.

The earnings effect resulting from the measurement of the initial interest in Lanthio Pharma B.V. at fair value amounted to € 4.5 million and was recognized in "other operating income".

As of May 7, 2015, the identifiable assets and liabilities resulting from the acquisition included the following items:

	Fair value (in 000's €)
Cash and Cash Equivalents	1,830
Trade and other Receivables	537
Prepaid Expenses and Other current assets	144
Property, Plant and Equipment	127
In-process R&D Programs	28,211
Software	1
Deferred Tax Asset	124
Other Non-current Assets	29
Accounts Payable and Accrued Expenses and Provisions	(752)
Deferred Tax Liabilities	(7,047)
FAIR VALUE OF NET ASSETS AND LIABILITIES	**23,204**
Goodwill on Acquisition	3,689
Fail Value of Investment (25.63%)	6,893
CONSIDERATION PAID	**20,000**
Cash (acquired)	(1,830)
NET CASH OUTFLOW	**18,170**

The following amount of goodwill was recognized as a result of the acquisition:

Consideration paid	20,000
Fair Value of Investment (25.63%)	6,893
Fair Value of Identifiable Net Assets and Liabilities	(23,204)
GOODWILL	**3,689**

Goodwill is primarily attributable to synergy effects expected from the entities' integration into the Group's Proprietary Development segment and partially attributable to the know-how of the employees acquired. Goodwill is not expected to be deductible from income taxes.

The Company incurred transaction-related costs of € 0.2 million, which mainly related to fees for external legal advice, valuations in the context of the purchase price allocation and notary costs. All transaction-related costs are included in "general and administrative expenses" in the consolidated income statement.

4 Financial Instruments

As of September 30, 2015, an amount of € 75.8 million (December 31, 2014: € 106.0 million) was invested in various money-market funds, and a total of € 34.9 million (December 31, 2014: € 7.5 million) was invested in fixed-rate bonds. These instruments were allocated to the category "available for sale" in accordance with IAS 39 "Financial Instruments".

As of September 30, 2015, the Company held current financial assets of € 166.4 million (December 31, 2014: € 157.0 million) that were assigned to the category “loans and receivables”. Other investments of € 14.0 million (December 31, 2014: € 50.0 million) under the category “loans and receivables” were recorded under “non-current assets” as of September 30, 2015.

In the context of the acquisition of the outstanding shares in Lanthio Pharma B.V., the conversion right included in the loan (€ 0.7 million) was exercised in exchange for shares in the company. The loan was previously recorded in “other receivables”.

MorphoSys regularly uses foreign-currency options and forwards to hedge its foreign exchange risk. As of September 30, 2015, there were 18 unsettled forward rate agreements with terms ranging from one to 15 months (December 31, 2014: 24). The gross unrealized gain of € 615,710 and the gross unrealized loss of € 19,442 as of September 30, 2015, (December 31, 2014: € 44,506 of gross unrealized gain) were recorded in the financial result.

5 Fair Value Measurement

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

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

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

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

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

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

30 September 2015	Note	Loans and Receivables	Available for Sale	Other Financial Liabilities	Total Carrying Amount	Fair value
(in 000's €)						
Cash and Cash Equivalents		26,623	0	0	26,623	26,623
Financial Assets classified as Loans and Receivables	4	166,358	0	0	166,358	166,358
Accounts Receivable		10,256	0	0	10,256	*
Forward Exchange Contracts Used for Hedging	4	616	0	0	616	616
Other Receivables	4	668	0	0	668	668
Financial Assets classified as Loans and Receivables, Net of Current Portion	4	14,008	0	0	14,008	14,008
Shares Available-for-sale, Net of Current Portion		0	0	0	0	*
Available-for-sale Financial Assets	4	0	75,773	0	75,773	75,773
Bonds, Available-for-sale	4	0	34,927	0	34,927	34,927
		218,529	**110,700**	**0**	**329,229**	**318,973**
Convertible Bonds - Liabilitiy Component		0	0	(244)	(244)	(244)
Accounts Payable and Accrued Expenses		0	0	(26,588)	(26,588)	(26,588)
Forward Exchange Contracts Used for Hedging	4	0	0	(19)	(19)	(19)
		0	**0**	**(26,851)**	**(26,851)**	**(26,851)**

31 December 2014	Note	Loans and Receivables	Available for Sale	Other Financial Liabilities	Total Carrying Amount	Fair value
(in 000's €)						
Cash and Cash Equivalents		32,238	0	0	32,238	32,238
Financial Assets classified as Loans and Receivables	4	156,993	0	0	156,993	156,993
Accounts Receivable		14,991	0	0	14,991	*
Other Receivables	4	100	0	0	100	100
Financial Assets classified as Loans and Receivables, Net of Current Portion	4	50,030	0	0	50,030	50,030
Shares Available-for-sale, Net of Current Portion		0	1,727	0	1,727	*
Available-for-sale Financial Assets	4	0	106,039	0	106,039	106,039
Bonds, Available-for-sale	4	0	7,488	0	7,488	7,488
		254,352	**115,254**	**0**	**369,606**	**352,889**
Convertible Bonds - Liabilitiy Component		0	0	(252)	(252)	(252)
Accounts Payable and Accrued Expenses		0	0	(17,831)	(17,831)	(17,831)
		0	**0**	**(18,083)**	**(18,083)**	**(18,083)**

* Disclosure waived in accordance with IFRS 7.29 (a)

6 Changes in Stockholder's Equity

COMMON STOCK

On September 30, 2015, the Company's common stock amounted to € 26,479,334 (December 31, 2014: € 26,456,834).

As of September 30, 2015, the value of treasury stock increased to € 15,828,999 from its level of € 14,251,962 on December 31, 2014, mainly as a result of MorphoSys's repurchase of 88,670 of its own shares on the stock exchange. The repurchase for the total amount of € 5,389,984 was carried out at an average share price of € 60.79. The treasury stock may be used for all purposes named in the authorization of the Annual General Meeting on May 23, 2014, and particularly for any existing or future employee participation schemes and/or to finance acquisitions. The shares may also, however, be redeemed. The rise in treasury stock mentioned above was offset by the transfer of 104,890 own shares in the amount of € 3,816,947 to the Management Board and Senior Management Group from the 2011 long-term incentive plan (LTI plan). The four-year vesting period for this LTI program expired on June 1, 2015. As a result, the number of treasury shares amounted to 434,670 as of September 30, 2015.

ADDITIONAL PAID-IN CAPITAL

On September 30, 2015, additional paid-in capital amounted to € 317,792,590 (December 31, 2014: € 318,375,720). The total decline of € 583,130 mainly resulted from the reclassification of treasury stock in connection with the allocation of shares from the 2011 performance-based share plan. The addition of personnel expenses from share-based payments and the exercise of conversion rights had a compensating effect.

REVALUATION RESERVE

On September 30, 2015, the revaluation reserve amounted to € -39.819 (December 31, 2014: € -4,642). The total decrease of € 35,177 resulted from a change in unrealized gains and losses on available-for-sale securities and bonds.

TRANSLATION RESERVE

In the first nine months, the translation reserve increased from € 293,846 on December 31, 2014, by € 1.277 to € 295,123. This item included exchange-rate differences arising from the revaluation of Group company financial statements prepared in foreign currencies as well as from differences between the exchange rates used in the balance sheet and the income statement.

7 Changes in 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 2015. In April 2015, 40,425 performance shares were issued to the Management Board and Senior Management Group under the Company's fifth long-term incentive program (LTI plan). Further details can be found in Note 8. After the expiration of the four-year vesting period, a total of 104,890 shares from the 2011 LTI program was transferred to the Management Board and Senior Management Group.

8 Long-Term Incentive Program

On April 1, 2015, MorphoSys established its fifth long-term incentive plan (LTI plan) for the Management Board and the Senior Management Group. According to IFRS 2, this 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 evaluated annually by the Supervisory Board. The grant date was April 1, 2015, and the vesting/performance period is four years. If the predefined key performance criteria for the respective period are fully met, 25% of the performance shares will become vested in each year of the four-year vesting period. The number of shares vested each year will be reduced or increased to the extent that the performance criteria of the respective year have only been achieved between 50% and 99.9% (<100%) or the achievement of the performance criteria has exceeded 100% (maximum 200%). If in one year the performance criteria are met by less than 50%, no 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, which generally amounts to 1. However, in justified cases, the Supervisory Board may set this factor freely between 0 and 2, for example, if the level of payment is regarded as unreasonable in view of the Company's general development. The right to receive a certain allocation of shares under the LTI plan, however, only occurs at the end of the four-year vesting period.

If the number of repurchased shares is insufficient for servicing the LTI plan, MorphoSys reserves the right to pay a certain amount of the LTI plan in cash in the amount 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 through termination (or if the member of the Management Board terminates the employment contract), resignation, death, injury, disability, or by reaching the retirement age (receipt of a normal retirement pension, early-retirement pension or disability pension, as long as the requirements for the disability pension entitlement are met) or under other circumstances, subject to the Supervisory Board's discretion, 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 as defined by Sec. 626 Para. 2 of the German Civil Code (BGB) and/or as defined by Sec. 84 Para. 3 of the German Stock Corporation Act (AktG), the beneficiary will not be entitled to an allocation of performance shares.

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

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

A total of 40,425 of these shares were granted to beneficiaries on April 1, 2015: A total of 21,948 were granted to the Management Board (further details may be found in the table titled “Performance Shares” in item 10 “Directors’ Dealings”) and 18,477 shares were granted to the Senior Management Group. The fair value of the performance shares as of the grant date (April 1, 2015) was € 58.81 per share. No dividends were considered in the determination of the fair value of the repurchased shares since the Group does not intend to distribute any dividends in the foreseeable future. From the grant date until September 30, 2015, no beneficiary has left MorphoSys and no performance shares have been forfeited. For the calculation of the personnel expenses resulting from share-based payments under the 2015 LTI plan, it was assumed that one beneficiary will leave the Company during the four-year period.

9 Personnel Expenses Resulting from Share-Based Payments

In the first nine months of 2015, personnel expenses resulting from share-based payments totaling € 2.9 million were recognized in the income statement (1-9/2014: € 3.2 million). In 2015, this amount solely resulted from share-based payments settled with equity instruments, of which personnel expenses of € 2.2 million were related to LTI programs (1-9/2014: € 1.6 million). This amount also included additional personnel expenses in the amount of € 0.5 million for the 2011 LTI program, which resulted from a company factor of 1.3 as determined by the Supervisory Board. Previously, personnel expenses for the 2011 LTI program had been recognized by assuming a company factor of 1.0. In 2014, personnel expenses in the amount of € 0.2 million resulted from cash-settled, share-based payments in connection with stock-appreciation rights.

10 Directors’ Dealings

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

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

SHARES

	01/01/15	Additions	Forfeitures	Sales	09/30/15
Management Board					
Dr. Simon Moroney	452,885	23,553	0	0	476,438
Jens Holstein	2,000	16,132	0	14,132	4,000
Dr. Arndt Schottelius	2,000	16,132	0	16,132	2,000
Dr. Marlies Sproll	28,620	16,132	0	8,000	36,752
Total	**485,505**	**71,949**	**0**	**38,264**	**519,190**
Supervisory Board					
Dr. Gerald Möller	9,000	2,000	0	0	11,000
Dr. Walter Blättler*	2,019	0	0	0	-
Dr. Daniel Camus*	0	0	0	0	-
Dr. Marc Cluzel	500	0	0	0	500
Karin Eastham	1,000	1,000	0	0	2,000
Dr. Geoffrey Vernon*	0	0	0	0	-
Dr. Frank Morich**	-	1,000	0	0	1,000
Wendy Johnson**,***	-	0	0	0	500
Klaus Kühn**	-	0	0	0	0
Total	**12,519**	**4,000**	**0**	**0**	**15,000**

* Dr. Walter Blättler, Dr. Daniel Camus and Dr. Geoffrey Vernon left the Supervisory Board of MorphoSys AG on 08. May 2015.

** Dr. Frank Morich, Wendy Johnson and Klaus Kühn joined the Supervisory Board of MorphoSys AG on 08. May 2015.

*** 500 shares have been acquired by Wendy Johnson before joining the Supervisory Board of MorphoSys AG.

CONVERTIBLE BONDS

	01/01/15	Additions	Forfeitures	Exercises	09/30/15
Management Board					
Dr. Simon Moroney	107,186	0	0	0	107,186
Jens Holstein	90,537	0	0	0	90,537
Dr. Arndt Schottelius	60,537	0	0	0	60,537
Dr. Marlies Sproll	93,537	0	0	0	93,537
Total	**351,797**	**0**	**0**	**0**	**351,797**

PERFORMANCE SHARES

	01/01/15	Additions	Forfeitures	Allocations	09/30/15
Management Board					
Dr. Simon Moroney	54,655	13,062	0	23,553	44,164
Jens Holstein	37,434	8,946	0	16,132	30,248
Dr. Arndt Schottelius	37,434	8,946	0	16,132	30,248
Dr. Marlies Sproll	37,434	8,946	0	16,132	30,248
Total	**166,957**	**39,900**	**0**	**71,949**	**134,908**

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

11 Transactions with Related Parties

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

On September 30, 2015, the Senior Management Group held 155,550 convertible bonds (December 31, 2014: 169,050 units) and 85,542 performance shares (December 31, 2014: 91,807 units), which were granted by the Company. In the first nine months of 2015, a new performance share program was issued to the Senior Management Group. On June 1, 2015, a total of 29,360 shares under the 2011 LTI plan were allocated to the Senior Management Group, reducing the number of performance shares.

12 Subsequent Events

No events occurred that require reporting.

Imprint

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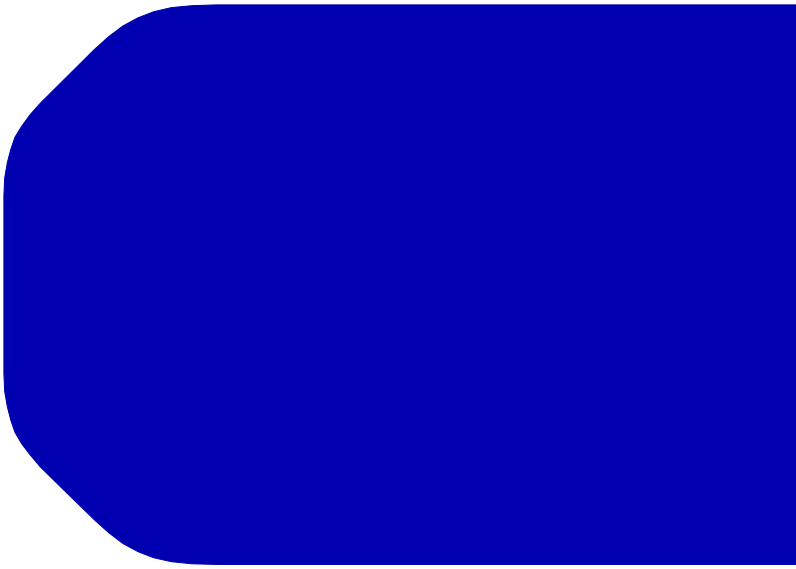
2015 Financial Calendar

FEBRUARY 26, 2015	PUBLICATION OF 2014 YEAR-END RESULTS
MAY 5, 2015	PUBLICATION OF 2015 THREE MONTHS' REPORT
MAY 8, 2015	ANNUAL GENERAL MEETING 2015 IN MUNICH
JULY 27, 2015	PUBLICATION OF 2015 SIX MONTHS' REPORT
NOVEMBER 4, 2015	PUBLICATION OF 2015 NINE MONTHS' REPORT



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