

For immediate release

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Galapagos reports 2006 financial update, drug discovery advancements and changes to Board of Directors

- **2006 revenues in the €33-35 million range, a three-fold increase over 2005**
- **Cash position per 31 December 2006 of €51.5 million**
- **First milestone in osteoarthritis alliance with GSK**
- **Proof of Principle in osteoarthritis program**
- **Rheumatoid arthritis program on track to enter the clinic in 2008**
- **Rudi Pauwels joins Board of Directors, Wilson Totten and David Stone step down**

Mechelen, Belgium; 12 January 2007 - Galapagos NV (Euronext & LSE: GLPG) announces today that consolidated 2006 revenues will be in the range of €33-35 million, with a year-end cash balance of €51.5 million. Detailed financial results will be reported on 2 March 2007. In an update of its R&D programs, the Company reports that it has achieved significant progress in the advancement of its drug discovery pipeline in bone and joint diseases. In the osteoarthritis (OA) program, it obtained its first milestone in the alliance with GSK; furthermore, Galapagos achieved Proof of Principle in a relevant OA animal model. Compounds from several projects protected against the destruction of cartilage, the aim of OA-therapy. In the rheumatoid arthritis (RA) program, the Company developed compounds in lead optimization that show very promising results in animal models. The composition of the Galapagos Board has changed with two Non-Executive Directors stepping down and the appointment of a new independent Non-Executive Director.

Drug discovery program advancements

Osteoarthritis

In the OA program, Galapagos achieved a first milestone of €400,000 in the turn-key drug discovery alliance with GlaxoSmithKline (LSE & NYSE: GSK). GSK and Galapagos collaborate to deliver disease-modifying drugs with clinical Proof of Concept in clinical research Phase IIA to GSK's global research and development organization. The alliance is worth up to €137 million in upfront, milestone, and equity payments to Galapagos, plus up to double-digit royalties on global product sales.

Galapagos also achieved Proof of Principle in a relevant OA animal model, showing *ex vivo* protection of bovine cartilage explants treated with compounds developed against Galapagos' OA targets. Galapagos has several series of proprietary compounds in hit-to-lead and lead optimization that have potential to deliver a novel therapeutic for the treatment of OA. Next to RA, this is the second Proof of Principle for compounds targeting proteins identified in Galapagos' SilenceSelect discovery platform and this further validates the target discovery technology as well as the pipeline in bone and joint diseases.

Rheumatoid arthritis

In its RA program, Galapagos already reported the achievement of reduction in disease-causing cytokines and reduced paw swelling in a therapeutic mouse RA model. Today the Company reports that these lead compounds also show substantial protection against bone loss in the industry standard RA animal model. Furthermore, the program has achieved relevant potencies and pharmacokinetic profiles for compounds in lead optimization. These compounds target a proprietary kinase protein that was identified using the Galapagos' SilenceSelect discovery

platform. Based on these important results, Galapagos anticipates initiation of preclinical studies in 2007, with a candidate drug expected to enter clinical phase I in 2008.

ProSkelia

With the acquisition of ProSkelia (Romainville, France) on 22 December 2006, Galapagos enhanced its product portfolio with the addition of three preclinical products in bone diseases (osteoporosis and bone metastasis), and one preclinical product in cachexia (muscle atrophy and weight loss). The combined product development portfolio will contribute to Galapagos' goal of having multiple clinical programs in bone and joint diseases in 2008. The transaction with ProSkelia also included an exclusive option and license to oestradiol glucoside, a product for treatment of menopausal symptoms ('hot flashes'). Galapagos has started the preparations to initiate a phase IIb clinical trial for this compound in Q4 of 2007. The ProSkelia capabilities and facilities will be used to accelerate the development of all optimized leads in bone and joint diseases.

Galapagos board changes

The board and management are delighted to announce the addition of Dr Rudi Pauwels as an independent, Non-Executive Board Member with effect as of 1 January 2007, as Rudi brings substantial experience in drug development. "I am very pleased to have Galapagos co-founder Rudi Pauwels return as a member of the Board of Directors", said Onno van de Stolpe, CEO of Galapagos. "As a pioneer of Belgian biotech, Rudi brings with him expertise in the discovery and development of new drugs, and Galapagos will benefit from his experience in bringing new drugs to the market." "Rudi's addition to the board highlights Galapagos' move into drug development," added Raj Parekh, Chairman of the Galapagos board.

Dr Pauwels (46), in addition to being a co-founder of Galapagos, was also co-founder of Tibotec (now a J&J company), a leading player in the field of anti-HIV drug development, and Virco, a company involved in molecular diagnostic tools for HIV resistance testing. Dr Pauwels is a pharmaceutical scientist who received several awards for his scientific work and his achievements as a biotech entrepreneur.

The appointment of Dr Pauwels will be submitted for approval at the next shareholders' meeting. There are no further details to be disclosed under Schedule 2(g) and Rule 17 of the AIM rules.

Dr Wilson Totten decided to step down as a Board Member effective 23 December 2006. He served as an independent Non-Executive Director on the Galapagos board since October 2004. Dr David Stone decided to step down as a Board Member effective 31 December 2006. Dr Stone joined the Galapagos Board as a dependent Non-Executive Director after the acquisition by Galapagos of BioFocus Ltd. in October 2005. "Both Wilson and David have significantly contributed to the transition of Galapagos from a target discovery company to a full fledge drug discovery entity," commented Raj Parekh, Chairman. "On behalf of the Galapagos board, I want to thank them for this accomplishment."

About Galapagos

Galapagos (Euronext Brussels, GLPG; Euronext Amsterdam, GLPGA; London AiM: GLPG) is a drug discovery company with clinical and pre-clinical programs in bone and joint diseases, cachexia, and menopausal hot flashes. Its division BioFocus DPI offers a full suite of target-to-drug discovery products and services to pharmaceutical and biotech companies, encompassing target discovery and validation, screening and drug discovery through to delivery of pre-clinical

candidates. BioFocus DPI also provides adenoviral reagents for rapid identification and validation of novel drug targets, compound libraries for drug screening as well as chemogenomics and ADMET¹ database products to select targets and compounds. Galapagos currently employs 450 people and operates facilities in eight countries, with global headquarters in Mechelen, Belgium. More information about Galapagos and BioFocus DPI can be found at www.glpq.com.

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¹ ADMET is the acronym for Absorption, Distribution, Metabolism, Excretion and Toxicity; meeting parameters against these five criteria is critical to the success of a pharmaceutical compound as a drug