

Galapagos and GlaxoSmithKline expand osteoarthritis alliance

Mechelen, Belgium; 22 December 2008 – Galapagos NV (Euronext: GLPG) announced today that it has expanded the osteoarthritis alliance with GlaxoSmithKline (GSK) to include two additional drug targets. For this expansion, Galapagos receives a payment from GSK of €2 million cash. This payment is in addition to the existing alliance terms, making the total alliance now worth up to €188 million. Including today's payment, Galapagos has received a total of €17.9 million in payments from GSK under this alliance.

In June 2006, GSK and Galapagos initiated a program to discover and develop disease-modifying drugs for GSK's global R&D organization. Through the agreement Galapagos broadened its drug discovery portfolio in the field of osteoarthritis, with the aim to develop candidate drugs through to successful Proof of Concept in clinical research Phase IIa. GSK has exclusive options to further develop and commercialize these compounds on a worldwide basis. In July 2007, GSK and Galapagos signed an expansion to include two selected GSK targets. Today's agreement further broadens the scope of the alliance between the two companies through the nomination of two additional targets.

"The expansion of the alliance with GSK confirms our strength in delivering in the alliance," said Onno van de Stolpe, Chief Executive Officer of Galapagos. "Together with the current programs advancing toward the clinic, we aim to progress these new targets to deliver Phase IIa clinical candidates to GSK."

About osteoarthritis

Osteoarthritis (OA) is the most common form of arthritis, typically affecting people aged 45 and older. It is a degenerative disease characterized by joint destruction and loss of articular cartilage. Cartilage is the slippery tissue that covers the ends of bones in a joint. Healthy cartilage allows bones to glide over one another. It also absorbs energy from the shock of physical movement. In OA, the surface layer of cartilage breaks down and wears away. This allows bones under the cartilage to rub together, causing pain, swelling, and loss of motion of the joint. Over time, the joint may lose its normal shape. Also, bone spurs - small growths called osteophytes - may grow on the edges of the joint. Bits of bone or cartilage can break off and float inside the joint space. This causes more pain and damage. No currently available treatments prevent OA or even reverse or block the disease process. Treatment of OA involves pain control, weight control, and exercise. Many OA patients have pain that persists despite these measures. Most of these patients use non-steroidal anti-inflammatory drugs (NSAIDs) that relieve the symptoms without changing the course of the underlying disease. Healthcare providers are concerned about long-term NSAID use due to serious possible side effects. It is expected that with the aging of the population, more individuals will be prone to develop OA. As mobility of seniors is of high importance to maintaining a high quality of life, preventing the severity of OA is seen as an immense clinical need over the next decade. The market potential of a disease-modifying drug could exceed \$8 billion annually¹, based on the current market and the absence of disease-modifying treatment.

Galapagos' osteoarthritis program

Galapagos focuses its osteoarthritis research programs on chondrocytes, the main cell types in cartilage. These programs will be the basis of the alliance with GSK. Galapagos has identified a number of novel targets that have been validated in cellular disease models and has progressed these

¹ Galapagos estimates based on Datamonitor Market Research, "Global Overview Arthritis," January 2004



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into drug discovery. Modulation of these targets in human chondrocytes should lead to a net production of stable cartilage and should therefore be able to prevent and repair damage to this cartilage in patients.

In February 2008, Galapagos announced achievement of a Proof of Principle (reduction of a disease marker) and Proof of Concept (reduction of targeted symptoms) in pre-clinical models in its osteoarthritis (OA) program. Galapagos compounds block cartilage degradation in diseased cartilage explants, while diseased mouse joints treated with this compound also showed reduced cartilage destruction. Galapagos' osteoarthritis program has progressed from validated targets to a Proof of Principle in 18 months, in this challenging area where there are currently no marketed disease-modifying drugs. The data generated thus far encourage Galapagos to aim for delivery of a pre-clinical candidate in OA by end 2008.

About Galapagos

Galapagos (Euronext Brussels: GLPG; Euronext Amsterdam: GLPGA; OTC: GLPYY) is a drug discovery company with pre-clinical programs in bone and joint diseases and bone metastasis. 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 ADMET products to select compounds. Galapagos currently employs 460 people and operates facilities in six countries, with global headquarters in Mechelen, Belgium. More information about Galapagos can be found at www.glpg.com.

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