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GALAPAGOS NV
Limited Liability Company
Generaal De Wittelaan L11 A3, 2800 Mechelen, Belgium
Company number: 0466.460.429
RLE Antwerp, division Mechelen

(the "**Company**")

SPECIAL REPORT OF THE BOARD OF DIRECTORS REGARDING THE CANCELLATION OF THE PREFERENTIAL SUBSCRIPTION RIGHTS OF THE CURRENT SHAREHOLDERS PURSUANT TO ARTICLE 596 OF THE BELGIAN COMPANIES CODE

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1. Introduction

In accordance with article 1 of the temporary provisions of the articles of association with regard to the authorized capital, the board of directors of the Company is authorized to increase the share capital up to a maximum amount of EUR 142,590,770.44. This authorization, which also relates to the cancellation of the preferential subscription rights of the current shareholders, was granted by the shareholders' meeting of May 23, 2011 and is valid for a period of 5 years as from the date of this authorization. On the date of this report, and assuming that all 625,740 warrants offered under Warrant Plan 2015 will effectively be accepted by the beneficiaries under Warrant Plan 2015, EUR 28,149,101.01 of the authorized capital was used so that an amount of EUR 114,441,669.43 still remains available under the authorized capital.

The board of directors wishes to use this authorization and to increase the share capital of the Company through issuance of an aggregate maximum number of 21,153,728 shares, in the framework of a global offering of ordinary shares (the "**New Shares**") and additional shares that may be issued in the framework of the over-allotment option granted to the Underwriters (the "**Additional Shares**"). All or part of the New Shares and Additional Shares (if any) may be in the form of American Depository Shares. The capital increase will occur by means of (i) a public offering of the New Shares and the Additional Shares (if any) in the form of American Depositary Shares ("**ADS**") to retail and professional investors in the United States (the "**US Offering**") and (ii) a private placement of the New Shares and the Additional Shares (if any) to other unspecified institutional and professional investors in or from any other country or jurisdiction where such offering is permitted in compliance with any applicable rules and regulations of any such country or jurisdiction (the "**Private Placement**") (the US Offering and the Private Placement being together the "**Transaction**").

This special report has been drawn up in accordance with Article 596 of the Belgian Companies Code (the "**BCC**") in order to justify the cancellation of the preferential subscription rights of the current shareholders and relates in particular to the issue price and the financial consequences for the current shareholders.

2. Objectives

The principal purpose of the contemplated Transaction is to strengthen the cash position of the Company and, in doing so, to increase Galapagos' financial flexibility to advance its clinical pipeline. The contemplated Transaction will also create a public market for the Company's securities in the United States and facilitate its future access to the US public equity markets.

The Company currently expects to use the net proceeds from the contemplated Transaction as follows:

- to advance its CF program combination therapy (GLPG1837, GLPG2222 and a second corrector candidate expected to be identified later in 2015) in cystic fibrosis until the end of Phase 2 clinical development;
- to advance its inflammatory bowel disease program (GLPG1205) until the end of Phase 2 clinical development; and
- to advance the discovery and development of its earlier stage programs.

The Company also intends to use the remainder of any net the proceeds of the contemplated Transaction for working capital and other general corporate purposes. It may also use a portion of the net proceeds to in-license, acquire or invest in complementary technologies, products or assets. However, the Company has no current plan, commitments or obligations to do so. Finally it should be noted that the Company currently has no specific plans as to how the net proceeds from the contemplated Transaction will be allocated beyond the uses specified above, and therefore management will retain discretion to allocate the remainder of the net proceeds of the contemplated Transaction among these uses.

3. Proposed Transaction

3.1 Structure of the Transaction

In the framework of the proposed capital increase, the board of directors proposes to cancel the preferential subscription rights of the current shareholders of the Company in order to allow the Company to offer the New Shares and the Additional Shares (if any) in the framework of the US Offering and Private Placement. The board of directors will authorize Morgan Stanley & Co. LLC, Crédit Suisse Securities (USA) LLC, Cowen and Company LLC, Nomura Securities International Inc. and Bryan Garnier & Co. (the "**Underwriters**") to underwrite, allocate and place the New Shares and the Additional Shares (if any) in the framework of the Private Placement and, in the form of ADSs, in the framework of the US Offering. The preferential subscription rights will be cancelled for the benefit of a group of unspecified investors.

The board of directors offers the Underwriters the freedom to decide which potential institutional and professional investors to address in the framework of the Private Placement, provided that the New Shares and the Additional Shares (if any) may only be offered in Belgium and in any other country or jurisdiction where such offering is permitted in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Underwriters have been assigned to conduct reasonable marketing efforts in order to contact a significant group of potential retail (for ADSs), institutional and professional investors and will upon allocating the New Shares (and Additional Shares, if any) apply objective criteria, in accordance with market practices.

The Underwriters will underwrite the capital increase for the account of the group of investors in accordance with the underwriting agreement to be entered into between themselves and the Company. Immediately thereafter, the Underwriters will deliver the New Shares (or, as the case may be, ADSs) to the group of investors.

In the event that the capital increase will not be fully subscribed to, the share capital will only be increased with the amount of the placed subscriptions subject to the approval of the board of directors or their proxy holders in accordance with Article 584 of the BCC.

The moment of the opening and the duration of the subscription period will be determined by the board of directors or their proxy holders in consultation with the Underwriters and it will be possible for the subscription period to be closed early. The subscription period is expected to take place between May 6 and May 30, 2015. If the subscription period has not been closed at the latest on September 30, 2015, no placement of the New Shares and the Additional Shares (as the case may be, in the form of ADSs) will be effected and the capital increase will not be deemed to be realised. Several reasons, including a deterioration of the situation on the financial markets, may cause the Transaction not to take place or the issuance of only a part of the New Shares and the Additional Shares (if any) to take place.

Two directors, acting jointly, will be authorized to establish the realisation of the capital increase by means of a notarial deed on the basis of those documents required to settle the Transaction in accordance with Article 589 of the BCC.

3.2 Issue price

The issue price per ordinary share and the price per ADS will be determined by the board of directors or their proxy holders based on the results of a book building process. In any case, the final price per ordinary share will not be lower than the accounting par value (*fractiewaarde/pair comptable*), being EUR 5.41 (rounded up). Since the capital of the Company is denominated in EUR and the ADSs will be priced in USD, the board of directors or their proxy holders will, in consultation with the Underwriters, determine a reference exchange rate USD/EUR for this Transaction.

The issue price per share will be booked in the account “Share capital” up to the accounting par value of five euros and forty-one eurocents (EUR 5.41) and the balance will be booked in a separate account “Issue Premium”, which shall, in the same manner as the Company's share capital, serve as guarantee for third parties and which, save for the possibility of a conversion into capital by the board of directors, can only be reduced or cancelled by a resolution of the shareholders' meeting deliberating according to the provisions of the Belgian Companies Code for a share capital reduction.

The final amount of the capital increase will thus be equal to the number of newly issued shares multiplied by the accounting par value of EUR 5.41.

3.3 The Offered Shares

The New Shares and the Additional Shares (if any) will be issued in dematerialised form.

The New Shares and the Additional Shares (if any) have no nominal value and shall each represent the same fraction of the share capital as the existing ordinary shares of the Company.

Unless if determined otherwise by the board of directors or one of its proxy holders, each ADS will represent one (1) ordinary share of the Company.

The New Shares and the Additional Shares (if any) will bear the same rights as the existing ordinary shares as provided for in the Company's articles of association and the Belgian Companies Code. The New Shares and the Additional Shares (if any) will be profit sharing, *i.e.* will be entitled to the dividend, as of the start of the current financial year.

3.4 Listing - Tradability

The admission to listing and trading on the regulated markets operated by Euronext Brussels and Euronext Amsterdam will be requested for the New Shares and the Additional Shares (if any) upon approval of a listing prospectus by the Belgian Financial Services and Markets Authority (the "**FSMA**").

Once the Form F-1 Registration Statement is declared effective by the US Securities and Exchange Commission (the "**SEC**"), the ADSs will be admitted to listing and trading on the NASDAQ.

The New Shares, the Additional Shares (if any) and the ADSs will trade under the trading symbol "**GLPG**" on respectively Euronext Brussels and Euronext Amsterdam (for the ordinary shares) and the NASDAQ (for the ADSs).

4. Cancellation of the preferential subscription rights of the current shareholders

The board of directors intends to cancel the preferential subscription rights of the current shareholders. The board is of the opinion that the cancellation of the preferential subscription rights offers the opportunity for the Company to (i) efficiently address American and European investors and (ii) rapidly acquire additional resources, which must enable the Company to ensure its future growth by financing the development programs of Galapagos' products.

The quick reaction required in such circumstances makes it impossible to observe the periods of time which are to be respected in case of a capital increase with preferential subscription rights. Consequently, the board of directors considers that the cancellation of the preferential subscription rights of the current shareholders is in the best interest of the Company.

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5. Consequences for the current shareholders

The financial consequences and the dilution that will result from the capital increase are indicatively set out in the table below.

The following assumptions have been taken in that respect:

a. an offering size of 200,000,000 USD;
b. the exercise of the over-allotment option in its entirety, for an amount of 30,000,000 USD;
c. an issue price equal to the closing price of the Company's share on Euronext Amsterdam on 4 May 2015 (i.e. the business day prior to the date of this report, being 38.05 EUR per share);
d. a EUR/USD exchange rate equal to the rate at 4 May 2015 of 1.00 EUR to 1.1152 USD, as published on such date by the European Central Bank;
e. based on the above indicators, the issuance of 4,713,273 New Shares and 706,990 Additional Shares.

It should be stressed that one or more of these assumptions may or may not materialize, as a result of which the financial consequences of the contemplated Transaction for the existing shareholders could materially differ from those set out in the table below.[1] The number of issued New Shares and the issue price shall be determined at pricing, following the book-building procedure. The number of Additional Shares shall depend on the exercise of the over-allotment option, which will consist of up to 15% of the number of New Shares

In addition, as per 30 April 2015, 3,019,305 outstanding warrants (excluding the 625,740 warrants created under Warrant Plan 2015 on 30 April 2015 ("**Warrant Plan 2015**"), subject to acceptance by the beneficiaries of Warrant Plan 2015) may still be exercised and may result in the issuance of up to 3,019,305 shares at a weighted average exercise price of EUR 12.42 per warrant. This will further dilute the existing shareholders. The number of shares to be issued upon exercise of the warrants will depend on the number of outstanding warrants that will be effectively exercised within their respective exercise period.

The table below provides an overview of the dilutive effect of the issuance of the New Shares. It also indicates the impact of a possible subscription of the totality of the Additional Shares and the exercise of all the outstanding warrants (excluding the 625,740 warrants created under Warrant Plan 2015, subject to acceptance).

[1] For example, if the maximum number of 21,153,728 new shares are issued instead of the 4,713,273 New Shares and 706,990 Additional Shares assumed to be issued for the purposes of the table included in this report, the voting rights of the existing shareholders would be diluted by 41% (calculated on the basis of the current number of outstanding shares, not taking into account any potential warrant exercises).

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	Situation before the issuance of the New Shares	Situation after the issuance of the New Shares	Situation after the issuance of the New Shares and the Additional Shares	Situation after the exercise of the outstanding warrants[2]
Number of outstanding shares	30,870,677	35,583,950	36,290,940	39,310,245
Number of outstanding warrants	3,019,305	3,019,305	3,019,305	None
Share capital (in €)[3]	166,996,210	192,495,015	196,319,831	212,654,271
Net consolidated equity (in €)[4]	199,198,552	363,387,968	385,809,059	423,308,828
Dilution of existing shareholders' voting rights	None	13%	15%	21%[5]

6. Report of the statutory auditor

The statutory auditor of the Company was requested to issue a report regarding the aforementioned issuance of New Shares and the Additional Shares (if any) with cancellation of the preferential subscription rights of the current shareholders, in accordance with Article 596 of the BCC.

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[2] Assuming that the maximum amount of Additional Shares are issued.
[3] Excluding Underwriters' discounts and commissions and past cost of capital increases.
[4] As starting point for the calculation of the net consolidated equity, the net equity of Galapagos NV on a consolidated basis under IFRS per March 31, 2015 was taken.
[5] This reflects the total dilution resulting from the issuance of the New Shares, the issuance of the Additional Shares and the exercise of all outstanding warrants. The incremental dilution resulting solely from the issuance of the New Shares and Additional Shares, assuming that all outstanding warrants have been exercised in full, amounts to 14%.

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Made and approved on May 5, 2015.

For the board of directors,

[Signed]	*[Signed]*
Onno van de Stolpe Director	Harrold van Barlingen Director