Corporate governance

Corporate governance at Galapagos in 2014

> Filgotinib and our cystic fibrosis programs were at the top of investors' agendas in 2014. Going forward, we see investors asking more often about our platform that generated these successes.

Elizabeth Goodwin
Head of Corporate Communications and Investor Relations

Galapagos' corporate governance policies

Galapagos has adopted the Belgian Corporate Governance Code 2009 (which can be consulted on www.corporategovernancecommittee.be) as its reference code. Galapagos NV's Board of Directors approved a Corporate Governance Charter. The Corporate Governance Charter, which is available on Galapagos' website www.glpg.com, is applicable in addition to the law, Galapagos NV's articles of association and the corporate governance provisions included in the Belgian Companies Code and the Belgian Corporate Governance Code 2009.

The Corporate Governance Charter includes the following specific rules and charters:

- Charter of the Board of Directors
- Charter of the Audit Committee
- Charter of the Nomination- and Remuneration Committee
- Charter of the Executive Committee
- Dealing Charter (which provides procedures and guidelines to prevent abuse of insider information and to prevent insider trading and market manipulation).

The Board of Directors strives to comply with the rules of the Belgian Corporate Governance Code 2009 as much as possible. At the same time, the Board of Directors is of the opinion that Galapagos can be justified in not adhering to certain provisions of the Belgian Corporate Governance Code 2009, in view of the activities of Galapagos, its size and the specific circumstances in which Galapagos operates. In such cases, which are mentioned in this corporate governance statement, Galapagos applies the "comply or explain" principle. Reference is made to the "Remuneration of non-executive Directors of Galapagos NV" section and the "Shares, warrants or other rights to acquire shares awarded to, exercised by or expired for the Galapagos NV Executive Committee members during financial year 2014" section.

In addition to the information set out below, we refer to the "Risk management" and "Risk factors" sections of this report for a description of the most important characteristics of the internal control and risk management systems of Galapagos. The "Risk Management" and "Risk Factors" sections are incorporated by reference in this corporate governance statement.

Board of Directors of Galapagos NV

Current composition of Galapagos NV's Board of Directors

Onno van de Stolpe founded Galapagos NV in 1999 and has served as our Chief Executive Officer and a member of the Board of Directors from 1999 to the present. From 1998 to 1999, he was the Managing Director of Genomics at IntroGene B.V. (later Crucell N.V., which was acquired by Johnson & Johnson Services, Inc. in 2011). Prior to joining IntroGene in 1998, he was Managing Director of Molecular Probes Europe B.V. He established the European headquarters after joining Molecular Probes, Inc. in the United States. Previously, he worked for The Netherlands Foreign Investment Agency in California, where he was responsible for recruiting biotechnology and medical device companies to locate in The Netherlands. Onno started his career as Manager of Business Development at MOGEN International N.V. in Leiden. He received an MSc degree from Wageningen University. Onno also serves as a member of the supervisory board of the Stichting Institute for Human Organ and Disease Model Technologies and has in the past served as a member of the board of directors of DCPrime B.V.

Rajesh Parekh, MA, DPhil has served as the Chairman of Galapagos NV's Board of Directors since 2004. Raj is a General Partner at Advent Life Sciences LLP, which he joined in 2005. During an academic career at Oxford University, he co-founded Oxford GlycoSciences PLC, where he served as Chief Scientific Officer and Chief Executive Officer from 1988 until its sale to Celltech Group PLC (now UCB SA) in 2003. He has founded or served on the boards of several life sciences companies in the United States and Europe including Celldex Therapeutics, Inc.; Avila Therapeutics, Inc.; EUSA Pharma (Europe) Limited; Thiakis Limited; and Amsterdam Molecular Therapeutics (AMT) Holding N.V. (now uniQure). Raj currently serves as a member of the board of directors of Cellnovo

Limited, PE Limited, F_2G Limited, LuxFold S.A., Biocartis NV and Levicept Limited. In addition, he serves as a member of the board of directors of Advent Management IV Limited, Advent Management Life Sciences Limited, Advent Life Sciences Services Limited and is a general partner of Advent Venture Partners LLP. He is also a member of the Supervisory Board of the Novartis Venture Fund. During the past five years he served as a member of the board of directors of 4-Antibody AG, NeRRe Therapeutics Limited and CoCo Therapeutics Limited. He received his MA in Biochemistry and DPhil in Molecular Medicine from the University of Oxford, where he has also been a Senior Research Fellow and Professor.

Harrold van Barlingen, Ph.D. has served as a member of Galapagos NV's Board of Directors since 2005. Harrold is the managing director and founder of Thuja Capital B.V., Thuja Capital Holding B.V. and Thuja Capital Management B.V. Prior to founding Thuja Capital, he headed the life sciences effort of AlpInvest Partners B.V. from 2001 to 2006, managing a portfolio of over 30 companies. Previously, he was at the Boston Consulting Group ("BCG") where he worked as a consultant in management and strategy from 1999 to 2002. Prior to BCG, he headed the continental activities of The Lewin Group (a Quintiles subsidiary), an internationally active firm specialized in the field of health economics. He holds an MSc in Medical Biology and a PhD in Medicine, both from Utrecht University. From 1991 to 1992 he was a visiting scientist at the University of Chicago. He is the author of a wide variety of peer-reviewed scientific and pharmaco-economics papers. He currently serves on the supervisory boards of Encare Biotech B.V., TheraSolve NV (chairman), Hemics B.V. (chairman) and arGEN-X N.V. (ARGX, Euronext). In addition, during the last five years he also served on the boards of Okapi Sciences NV and Curacyte GmbH.

Werner Cautreels, Ph.D. has served as a member of Galapagos NV's Board of Directors since 2009. Werner is the President, Chief Executive Officer and member of the board of Selecta Biosciences, Inc. Previously, he joined Solvay Pharmaceuticals SA in 1998 where he was Global Head of R&D and later Global Chief Executive Officer from 2005 onwards, until it was acquired by Abbott Laboratories Inc. in February 2010. Prior to joining Solvay he was employed by Sanofi S.A., Sterling Winthrop, Inc. and Nycomed Amersham PLC in a variety of R&D management positions in Europe and in the United States from 1979 to 1998. He graduated from the University of Antwerp, with a Doctorate in Chemistry, specializing in mass spectrometry. He received his management and financial education from the Harvard Business School. Werner currently serves as a member of the board of directors of Seres Health, Inc.

Howard Rowe, JD has served as a member of Galapagos NV's Board of Directors since 2010. Howard is Managing Director at Hayfin Capital Management LLP. Prior to joining Hayfin Capital Management, he was a Managing Director with The Goldman Sachs Group, Inc. where he had multiple healthcare responsibilities over his 12 years at the firm. His most recent roles at Goldman Sachs were as part of the European Special Situations and Principal Strategies teams where he established and led the private healthcare investing effort. During that time he served on the boards of EUSA Pharma (Europe) Limited, Healthcare Brands International Limited, SmallBone Innovations, Inc. and Ikonisys, Inc. Prior to his investing activities, Howard was a senior member of the European Healthcare Investment Banking team, where he advised numerous corporate clients on M&A and corporate finance activities. Before joining Goldman Sachs, he was a corporate lawyer with the law firm Sullivan & Cromwell LLP. Howard received his Bachelor of Science in Psychobiology from the University of Southern California and his JD from Harvard Law School. He currently serves as a member of the board of directors of MedAvante, Inc.

Katrine Bosley has served as a member of Galapagos NV's Board of Directors since 2013. Katrine is the President, Chief Executive Officer and member of the board of directors of Editas Medicine, Inc. From 2009 to 2012, she was President and Chief Executive Officer of Avila Therapeutics, Inc., which was acquired by Celgene Corporation in 2012. Prior to her time at Avila Therapeutics, Katrine was Vice President, Strategic Operations at Adnexus, a Bristol-Myers Squibb R&D Company, and was Vice President, Business Development at Adnexus Therapeutics, Inc., before that. Katrine joined Adnexus Therapeutics from Biogen Idec, Inc. where she had roles in business development, commercial operations and portfolio strategy in the United States and Europe. Earlier, she was part of the healthcare team at the venture firm Highland Capital Partners, Inc. Katrine graduated from Cornell University with a B.A. in Biology. Katrine has also served as a member of the board of directors of Coco Therapeutics Limited and currently serves as Chairman of the board of Genocea Biosciences, Inc. and as a board member of Scholar Rock, LLC.

About Galapagos NV's Board of Directors

Galapagos NV's Board of Directors consists of minimum five and maximum nine members, including the Chairman and the CEO. The Chairman is a non-executive Director and does not hold the office of CEO. At least three Directors are independent.

The Directors are appointed by the Shareholders' Meeting upon the proposal of the Board, for a renewable term of up to four years. When a position on the Board becomes vacant, the other Directors may temporarily fill the mandate until the Shareholders' Meeting appoints a new Director. The Nomination and Remuneration Committee nominates, for the approval of the Board, candidates to fill vacancies and advises on proposals for appointment originating from shareholders, in each case taking into account Galapagos' needs and the selection criteria determined by the Board.

Except for Mr. Onno van de Stolpe, all Board members are non-executive Directors. In 2014, the following persons were members of the Board: Dr. Raj Parekh (Chairman), Ir. Onno van de Stolpe (CEO), Dr. Harrold van Barlingen, Dr. Werner Cautreels, Mr. Howard Rowe, Dr. Vicki Sato (until 31 December 2014) and Ms. Katrine Bosley; the latter four Directors were appointed as independent Directors within the meaning of article 526*ter* of the Belgian Companies Code.

The Board's role is to pursue the long-term success of Galapagos. The Board does so by assuming the authority and responsibilities assigned to it by Belgian corporate law and by combining entrepreneurial leadership with appropriate risk assessment and management. Each of the Directors' expertise and experience is exemplified by the varied professional activities they carry out and offices they hold.

In 2014, the Board of Directors held 4 regular meetings, 10 meetings by telephone conference to discuss specific matters and 2 meetings in the presence of a notary (relating to the issuance of Warrant Plan 2014 and the issuance of Warrant Plan 2014 (B)).

The attendance rate (in person or by written proxy to a fellow Director) for the Board members in function at 31 December 2014 was as follows: Dr. Parekh 100%, Mr. Van de Stolpe 100%, Dr. Van Barlingen 94%, Mr. Rowe 94%, Dr. Cautreels 94%, Dr. Sato 94% and Ms. Bosley 100%. The overall attendance rate was 97%. In addition, certain Board members (including Dr. Cautreels and Dr. Sato) also attended a number of review meetings with scientific staff of the Group.

The Board of Directors acts as a collegial body. Galapagos does not have a formalized process in place to evaluate the Board, its Committees and its individual Directors; the Board is of the opinion that such evaluation can occur on an ongoing and informal basis within the framework of the meetings of the Board and its Committees.

During 2014, Galapagos complied with the Law of 28 July 2011 with respect to gender diversification in the Board of Directors, and the Board will continue to monitor future compliance. The Board will take gender diversity into account as one of the key factors in its search for candidates to fill the vacancy on the Board that was created by Dr. Sato's resignation as a Director effective as of 31 December 2014.

Committees of Galapagos NV's Board of Directors

The Board of Directors has installed an Executive Committee, an Audit Committee and a Nomination and Remuneration Committee.

Executive Committee

Current composition of Galapagos NV's Executive Committee

Onno van de Stolpe founded Galapagos NV in 1999 and has served as our Chief Executive Officer and a member of the Board of Directors from 1999 to the present. From 1998 to 1999, he was the Managing Director of Genomics at IntroGene B.V. (later Crucell N.V., which was acquired by Johnson & Johnson Services, Inc. in 2011). Prior to joining IntroGene in

1998, he was Managing Director of Molecular Probes Europe B.V. He established the European headquarters after joining Molecular Probes, Inc. in the United States. Previously, he worked for The Netherlands Foreign Investment Agency in California, where he was responsible for recruiting biotechnology and medical device companies to locate in The Netherlands. Onno started his career as Manager of Business Development at MOGEN International N.V. in Leiden. He received an MSc degree from Wageningen University. Onno also serves as a member of the supervisory board of the Stichting Institute for Human Organ and Disease Model Technologies and has in the past served as a member of the board of directors of DCPrime B.V.

Piet Wigerinck, Ph.D. joined Galapagos in April 2008 from Tibotec-Virco Comm. VA (a subsidiary of Johnson & Johnson Services, Inc.) where he was the Vice President, Drug Discovery, Early Development and CM&C, and a member of the Management Board. He started his professional career as a medicinal chemist at Janssen Research Foundation in 1992. He then joined Tibotec Group NV in 1998, where, under his leadership, TMC114 (PrezistaTM) and TMC435 (OlysioTM) were selected and moved forward into clinical trials. Piet played a key role in Tibotec's expansion into novel diseases such as Hepatitis C and advanced several compounds into Phase 1 and Phase 2 clinical trials. He brings over 15 years of research and development experience from both large pharmaceutical companies and biotechnology companies to our company. Piet holds a Ph.D. from the K.U. Leuven and is inventor on more than 25 patent applications.

Bart Filius, MBA has served as our Chief Financial Officer since December 2014. Prior to that, Bart worked over 13 years at Sanofi S.A. since 2001, where he was the Chief Financial Officer of Sanofi Europe during the last three years. Earlier at Sanofi, he was the Country Manager and Chief Financial Officer of Sanofi in The Netherlands. Before that, he was Vice President for Mergers & Acquisitions, during which time he led and completed the divestiture of various franchises. Prior to joining Sanofi, he was a strategy consultant at Arthur D. Little. Bart has an MBA degree from INSEAD and a bachelor's degree in business from Nyenrode Business University.

Andre Hoekema, Ph.D. is responsible for M&A, licensing and Intellectual Property at Galapagos. He had the lead in rolling out our pharmaceutical alliance strategy since its start in 2006, and is the architect of our two collaborations with AbbVie (filgotinib and CF). Andre joined Galapagos in March 2005 from Invitrogen Corporation, where he was Managing Director of Corporate Development Europe, overseeing licensing and M&A for Invitrogen Europe. He brings 20 years of biotech experience from positions at Molecular Probes Europe B.V. (Managing Director of the European office), Crucell N.V. (Director of Business Development and Intellectual Property), Koninklijke DSM N.V., MOGEN International N.V. (Research and Project Management), and Genentech, Inc. (postdoctoral researcher). Andre studied Chemistry and holds a Ph.D. from Leiden University. During his Ph.D. work, he invented the binary vector system for the genetic modification of plants, which he published in Nature in 1983; this has since then become the global standard in the field of agricultural biotech. He is the author of more than 30 peer-reviewed scientific papers, and an inventor of over 20 series of patent applications, resulting in 15 patents issued in the United States.

About the Executive Committee of Galapagos NV

The tasks of the Executive Committee include the following matters: the research, identification and development of strategic possibilities and proposals which may contribute to Galapagos' development in general, the drafting and development of policy guidelines to be approved by the Board of Directors, Galapagos' management through, among other things, the implementation of policy guidelines, the supervision of the actual performance of the business compared to its strategic goals, plans and budgets, and the support of the CEO with the day-to-day management of Galapagos.

On 31 December 2014, the Executive Committee consisted of four people: Mr Van de Stolpe (CEO, also executive Director), Dr Andre Hoekema (Senior Vice President, Corporate Development), Dr Piet Wigerinck (Chief Scientific Officer) and Mr Bart Filius (CFO, starting from 1 December 2014). Mr David Smith (former CEO, Galapagos Services) was a member of the Executive Committee until 1 April 2014 and Mr Guillaume Jetten (former CFO) was a member of the Executive Committee until 1 May 2014.

The Executive Committee meets regularly, and in principle once per month.

Audit Committee

The role of the Audit Committee is to follow up on financial reporting and verification of financial data, verify and follow up on the internal control mechanisms, evaluate and verify the effectiveness of the risk assessment systems, and follow up on the internal and external audit activities.

At the end of 2014, the Audit Committee consisted of the following three Directors: Dr Cautreels (Chairman), Dr Van Barlingen and Mr Rowe. All members of the Audit Committee are non-executive Directors, the majority of whom are independent. The Chairman is an independent non-executive Director and has extensive experience in financial matters (including general accounting and financial reporting) and in matters of audit, internal control and risk control. The other members have extensive experience in these matters as well.

In 2014, the Audit Committee held 6 meetings, in which it dealt with matters including audit review and risk management. The Audit Committee acts as a collegial body. The overall attendance (present or represented) at the Audit Committee meetings in 2014 was 100%. Some of the meetings were attended by the Statutory Auditor.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee's role is twofold: providing recommendations to the Board of Directors regarding the remuneration policy of Galapagos and the remuneration of Directors and members of the Executive Committee, and selecting the appropriate candidates and making recommendations to the Board of Directors in relation to the appointment of Directors and members of the Executive Committee.

At the end of 2014, the Nomination and Remuneration Committee consisted of the following three non-executive Directors: Dr Parekh (Chairman), Dr Sato and Ms. Bosley, the majority of whom are independent Directors. Following Dr Sato's resignation effective as of 31 December 2014, Dr Cautreels joined the Nomination and Remuneration Committee. The Committee has the necessary expertise in the area of remuneration policy.

The Nomination and Remuneration Committee meets at least twice per year. In 2014, the Nomination and Remuneration Committee made recommendations on 4 occasions, dealing with matters including grants of warrants and bonuses, the appointment of Mr Bart Filius as CFO, the review of Galapagos' remuneration policy and salary increases. The Nomination and Remuneration Committee acts as a collegial body. The overall attendance rate (present or represented) at the Nomination and Remuneration Committee meetings in 2014 was 100%. The CEO attended the meetings of this Committee when the remuneration of the other members of the Executive Committee was discussed.

Composition of Board Committees (excluding Executive Committee)

	Audit Committee	Nomination and Remuneration Committee
Onno van de Stolpe		
Raj Parekh		*
Harrold van Barlingen	●	
Werner Cautreels[1]	*	●
Howard Rowe[1]	●	
Katrine Bosley[1]		●

● denotes committee membership
* denotes committee chairmanship
[1] denotes qualification as an independent director within the meaning of article 526*ter* of the Belgian Companies Code

Galapagos NV's share capital and shares

Share capital increases and issue of shares by Galapagos NV in 2014

On 1 January 2014, the share capital of Galapagos NV amounted to €161,171,635.86 represented by 29,794,046 shares. In the course of 2014 there were four capital increases resulting from the exercise of warrants, resulting in the issuance of 505,083 new shares, an increase of the share capital by €2,732,499.03 and an increase of the issuance premium account by €1,697,217.99. At the end of 2014, the total share capital of Galapagos NV amounted to €163,904,134.89 represented by 30,299,129 shares.

On 25 July 2014, the Board of Directors issued 571,660 warrants (after acceptances) within the framework of the authorized capital, for the benefit of the Directors and an independent consultant of Galapagos NV, and of employees of the Group under a new warrant plan ("Warrant Plan 2014"). The offer of warrants to the Directors under Warrant Plan 2014 was approved by the Annual Shareholders' Meeting of 29 April 2014. The warrants issued under Warrant Plan 2014 have a term of eight years and an exercise price of €14.54.

On 14 October 2014, the Board of Directors issued 150,000 warrants (after acceptances) within the framework of the authorized capital, under a new warrant plan ("Warrant Plan 2014 (B)"), for the benefit of Mr. Bart Filius, who joined the Executive Committee as CFO. The warrants issued under Warrant Plan 2014 (B) have a term of eight years and an exercise price of €11.93.

Number and form of Galapagos shares

Of the 30,299,129 shares of Galapagos NV outstanding at the end of 2014, 538,696 were registered shares and 29,760,433 shares were dematerialized shares (of which 760 shares were automatically converted into dematerialized shares on 1 January 2014 pursuant to the Belgian legislation on the abolition of bearer shares). All shares are issued and fully paid up and are of the same class.

Rights attached to Galapagos shares

Each share (i) entitles its holder to one vote at the Shareholders' Meetings; (ii) represents an identical fraction of the share capital and has the same rights and obligations and shares equally in the profit of Galapagos NV; and (iii) gives its holder a preferential subscription right to subscribe to new shares, convertible bonds or warrants in proportion to the part of the share capital represented by the shares already held. The preferential subscription right can be restricted or cancelled by a resolution approved by the Shareholders' Meeting, or by the Board of Directors subject to an authorization of the Shareholders' Meeting, in accordance with the provisions of the Belgian Companies Code and Galapagos NV's articles of association.

Galapagos NV's authorized capital

In accordance with the articles of association, the Extraordinary Shareholders' Meeting of Galapagos NV authorized the Board of Directors to increase the share capital of Galapagos NV, in one or several times, and under certain conditions set forth *in extenso* in the articles of association of Galapagos NV. This authorization was renewed and is valid for a period of five years from the date of this renewal, i.e. 23 May 2011. The Board of Directors may increase the share capital of Galapagos NV within the framework of the authorized capital for an amount of up to €142,590,770.44. In 2014, Galapagos NV's Board of Directors made use of the right to increase the capital in the framework of the authorized capital on two occasions: (1) on 25 July 2014, in connection with the issuance of Warrant Plan 2014 under which a maximum of 571,660 new shares can be issued for a total maximum capital increase of €3,092,680.60 (plus issuance premium); and (2) on 25 October 2014, in connection with the issuance of Warrant Plan 2014 (B) under which a maximum of 150,000 new shares can be issued for a total maximum capital increase of €811,500.00 (plus issuance premium). On 31 December 2014, an amount of €117,826,922.83 still remained available under the authorized capital.

When increasing the share capital within the limits of the authorized capital, the Board of Directors may, in Galapagos NV's interest, restrict or cancel the shareholders' preferential subscription rights, even if such restriction or cancellation is made for the benefit of one or more specific persons other than the employees of the Group.

Procedure for changes in Galapagos NV's share capital

In accordance with the Belgian Companies Code, Galapagos NV may increase or decrease its share capital by decision of the Extraordinary Shareholders' Meeting approved by a majority of 75% of the votes cast, at a meeting where at least 50% of the share capital of Galapagos NV is present or represented. If the attendance quorum of 50% is not met, a new Extraordinary Shareholders' Meeting must be convened at which the shareholders may decide on the agenda items, irrespective of the percentage of share capital present or represented at such meeting. In this respect, there are no conditions imposed by Galapagos NV's articles of association that are more stringent than those required by law.

Within the framework of the powers granted to it under the authorized capital, the Board of Directors may also increase Galapagos NV's capital as specified in its articles of association.

Purchase and sale of Galapagos treasury shares

In accordance with the Belgian Companies Code, Galapagos NV may purchase, subject to the provisions of the Belgian Companies Code, Galapagos NV's own shares or profit sharing certificates or certificates and dispose thereof by decision of the Extraordinary Shareholders' Meeting approved by a majority of 80% of the votes cast, at a meeting where at least 50% of the share capital of Galapagos NV is present or represented. If the attendance quorum of 50% is not met, a new Extraordinary Shareholders' Meeting must be convened at which the shareholders may decide on the agenda items, irrespective of the percentage of share capital present or represented at such meeting. The aforementioned rules are also applicable to the acquisition of shares of Galapagos NV by its subsidiaries.

The Board of Directors has currently not been authorized by an Extraordinary Shareholders' Meeting to purchase or sell its own shares.

On 31 December 2014, neither Galapagos NV nor any subsidiary of Galapagos NV held any shares in Galapagos NV, nor did any third party hold any shares in Galapagos NV on behalf of Galapagos NV or any of its subsidiaries either.

Anti-takeover provisions in Galapagos NV's articles of association

Galapagos NV's articles of association currently do not contain any anti-takeover provisions.

Anti-takeover provisions under Belgian law

Under Belgian law, public takeover bids for all outstanding voting securities of the issuer are subject to the supervision of the FSMA. If the latter determines that a takeover violates Belgian law, it may lead to suspension of the exercise of the rights attached to any shares that were acquired in connection with the envisaged takeover. Pursuant to the Belgian Law of 1 April 2007 on public takeovers, a mandatory takeover bid must be made when, as a result of its own acquisition or the acquisition by persons acting in concert with it, a person owns, directly or indirectly, more than 30% of the securities with voting rights in a company with registered office in Belgium whose securities are admitted to trading on a regulated or recognized market. The acquirer must offer to all other shareholders the opportunity to sell their shares at the higher of (i) the highest price offered by the acquirer for shares of the issuer during the 12 months preceding the announcement of the bid or (ii) the weighted average price of the shares on the most liquid market of the last 30 calendar days prior to the date on which it became mandatory for the acquirer to launch a mandatory takeover bid for the shares of all other shareholders.

Procedure for amendments to Galapagos NV's articles of association

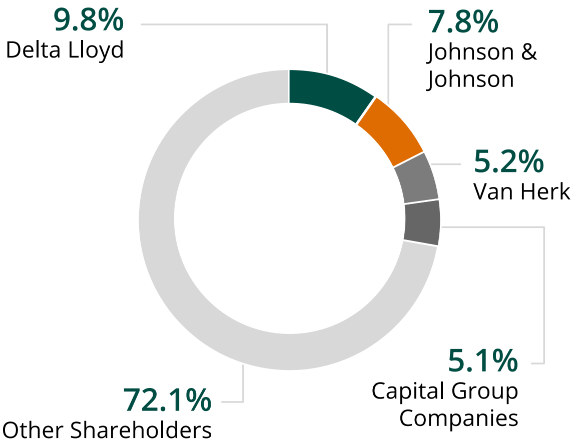
Pursuant to the Belgian Companies Code, any amendment to the articles of association, such as an increase or decrease in the share capital of Galapagos NV, and certain other matters, such as the approval of the dissolution, merger or de-merger of Galapagos NV may only be authorized with the approval of at least 75% of the votes validly cast at an Extraordinary Shareholders' Meeting where at least 50% of Galapagos NV's share capital is present or represented. If the attendance quorum of 50% is not met, a new Extraordinary Shareholders' Meeting must be convened at which the shareholders may decide on the agenda items, irrespective of the percentage of share capital present or represented at such meeting.

Shareholders

Major shareholders of Galapagos NV

Based on the transparency notifications received by Galapagos NV, the shareholders owning 5% or more of its shares on 31 December 2014 were Delta Lloyd N.V. (2,954,890 shares), Johnson & Johnson (2,350,061 shares), Van Herk Investments B.V. (1,586,727 shares) and The Capital Group Companies, Inc. (1,554,436 shares).

Transparency notice shareholders on 31 Dec 2014



Since 31 December 2014, Galapagos has received (i) a transparency notification from Delta Lloyd N.V. notifying the reduction of its shareholding below the statutory 5% threshold on 14 January 2015 and (ii) a transparency notification from BNP Paribas notifying that the shareholding of entities under their control exceeded the statutory 5% threshold on 30 January 2015. A pie chart representing our major shareholders based on transparency notifications received to date is available on Galapagos' website, www.glpg.com.

At the end of 2014, the CEO owned 364,226 Galapagos shares and 765,000 warrants. The other members of the Executive Committee held an aggregate of 20,352 shares and 680,000 warrants. The other members of the Board held an aggregate of 6,800 shares and 199,070 warrants. Each warrant entitles its holder to subscribe to one share of Galapagos NV.

Agreements between Galapagos NV shareholders

On the date of this report, Galapagos NV had no knowledge of the existence of any shareholders' agreements between its shareholders.

Agreements with major Galapagos NV shareholders

On 23 October 2007, Galapagos NV entered into the Rheumatoid Arthritis Research Alliance and Option Agreement and the Reserved Program Option Agreement with Janssen Pharmaceutica NV, an affiliate of Johnson & Johnson. These agreements were terminated in March 2015 (see "Subsequent events").

Throughout 2014 there were no lock-up agreements in effect between Galapagos NV and any of its shareholders.

Remuneration report

Determination of remuneration of Directors and Executive Committee members of Galapagos NV

The procedure for establishing the remuneration policy and setting remuneration for members of the Board of Directors and of the Executive Committee is determined by the Board of Directors on the basis of proposals from the Nomination and Remuneration Committee, taking into account relevant benchmarks from the biotechnology industry and, for the members of the Executive Committee, also the Group's performance rating system.

The remuneration of the members of the Board and the grant of warrants to members of the Board are submitted by the Board for approval to the Shareholders' Meeting, and are only implemented after such approval.

The fixed and variable remuneration of the CEO (who is a member of the Board) is established by the Board of Directors based upon an authorization from the Shareholders' Meeting. The fixed and variable remuneration of, and grant of warrants to, the other members of the Executive Committee is established by the Board of Directors.

Galapagos' remuneration policy

Principles

The objective of Galapagos' remuneration policy is to attract, motivate and retain the qualified and expert individuals that the Group needs in order to achieve its strategic and operational objectives. In light of the remuneration policy, the structure of the remuneration package for the Executive Committee is designed to balance short-term operational performance with the long-term objective of creating sustainable value within the Group, while taking into account the interests of all stakeholders.

The remuneration of the non-executive Directors consists of a fixed annual amount, irrespective of the number of Board meetings that are held during the year, with a correction principle pursuant to which, in the event a Director's presence rate at Board meetings is below 75%, the annual remuneration will be proportionally decreased. The remuneration of the non-executive Directors does not contain a variable part. The Board fees are paid in quarterly installments at the end of each calendar quarter.

The remuneration of the CEO (who is an executive Director) and of the other members of the Executive Committee consists of a fixed amount and of a variable part (bonus). Remuneration increases and bonuses are merit-driven and based on the Group's performance rating system that is based on individual performance (including exceptional deliverables) in combination with the overall performance of the Group, compared to the level of achievement of individual and corporate objectives that are established annually. The corporate objectives and the CEO's objectives are established annually by the Board of Directors, and the objectives of the other members of the Executive Committee are established annually by the CEO and are in relation to the corporate objectives set by the Board. For 2014 the corporate objectives included elements of revenue, operating profitability, clinical trial progression and business development; all of these objectives were considered to be of equal importance. The level of achievement of the objectives for the CEO is reviewed at the end of each year by the Nomination and Remuneration Committee and discussed and finally established by the Board, and the level of achievement of the objectives of the other members of the Executive Committee is assessed by the CEO at the end of the year in connection with appraisal discussions, discussed by the Nomination and Remuneration Committee and finally established by the Board of Directors.

Pursuant to the rules of the Senior Management Bonus Scheme established in 2006, 50% of the bonus is paid immediately around year-end and the payment of the other 50% is deferred for three years. The deferred 50% component is dependent on the change in the price of Galapagos NV's share relative to the Next Biotech Index (which tracks Galapagos' peers). The share price and the Next Biotech Index at the start and end of the 3-year period is calculated by the average price over the preceding and last month of the 3-year period, respectively.

- If the share price change is better than or equal to the change in the Next Biotech Index, the deferred bonus will be adjusted by the share price increase/decrease and paid out.
- If the share price change is up to 10% worse than the change in the Next Biotech Index, 50% of the deferred bonus will be adjusted by the share price increase/decrease and paid out, and the remainder will be forfeited.
- If the share price change is more than 10% worse than the change in the Next Biotech Index the deferred bonus will be forfeited.

To be entitled to any deferred payment under the bonus scheme the beneficiary must still be in Galapagos' employ.

In addition, exceptional special bonuses, outside the scope of the regular bonus schemes, can be considered by the Board upon recommendation of the Nomination and Remuneration Committee in the event of and for exceptional achievements.

Relative importance of the various components

The CEO's bonus under the Senior Management Bonus Scheme can be maximum 100% of the fixed part of his annual remuneration of the year for which the bonus is awarded. The aggregate bonuses of the other members of the Executive Committee under the Senior Management Bonus Scheme can be maximum 60% of the total amount of the fixed part of their aggregate annual remuneration of the year for which the bonus is awarded. In addition, the CEO and/or the other members of the Executive Committee enjoy a number of benefits such as pension payments, insurances and other fringe benefits, the monetary value of which is, however, limited.

Performance-related premiums in shares, options or other rights to acquire shares

Galapagos does not provide for any performance-related premiums in shares, options or other rights to acquire shares. The warrants granted to members of the Board of Directors (including the CEO) are not considered as a (performance-related or otherwise) variable remuneration as defined by the Belgian Companies Code.

Information on the remuneration policy for the next two years

Galapagos currently has no plans to substantially deviate from the remuneration policy used in 2014 and the years before, as described above, in the next two financial years.

Remuneration of non-executive Directors of Galapagos NV

Pursuant to the decision of the Annual Shareholders' Meeting of 29 April 2014, the total maximum amount of the annual remuneration for all Directors together (other than Dr. Parekh and the CEO) for the exercise of their mandate as a Director of Galapagos NV is fixed, on an aggregate basis, at €200,000 (plus expenses). The same Annual Shareholders' Meeting granted a power of attorney to the Board to determine the remuneration of the individual Board members within the limits of said aggregate amount. Pursuant to this power of attorney, the Board determined, upon recommendation of the Nomination and Remuneration Committee, the allocation of the aggregate annual remuneration for Directors as follows: (a) remuneration for non-executive directors who do not represent a shareholder (Dr. Van Barlingen and Mr. Rowe): €20,000; (b) remuneration for non-EU-based Directors (who do not represent a shareholder) and/or for Directors who actively and on a regular basis provide independent clinical, scientific and/or transactional advice to the Board of Directors (Dr. Cautreels, Dr. Sato and Ms. Bosley): €40,000; (c) additional remuneration for the chairman of the Audit Committee (Dr. Cautreels): €5,000. The aforementioned levels of remuneration are a continuation of the fees as paid in previous years.

In the event a Director has an attendance rate at Board meetings that is below 75%, the amounts referred to above are proportionally decreased. Directors representing a shareholder in the Board of Directors would only receive reimbursement of the expenses incurred for participating in the Board of Directors (there were no such Directors in 2014).

The remuneration of the non-executive Directors does not contain a variable part; hence no performance criteria apply to the remuneration of the non-executive Directors.

The Chairman of the Board of Directors, Dr. Parekh, does not receive remuneration like the other Directors. However, a consultancy contract was made with him several years ago, under which he receives an annual fee of £50,000 as compensation for giving strategic advice.

The Board of Directors resolved to issue the Warrant Plan 2014 for the benefit of employees of the Group and of the Directors and one independent consultant of Galapagos NV. In accordance with the resolution of the Annual Shareholders' Meeting of 29 April 2014, the following number of warrants were offered under such Plan to the non-executive Directors: Dr. Parekh: 5,400 warrants; Dr. Cautreels: 3,780 warrants; and Ms. Bosley, Dr. Van Barlingen, Mr. Rowe and Dr. Sato: each 2,520 warrants. All Directors accepted the warrants. These warrants have a term of eight years. The exercise price of the warrants is €14.54. As regards the Directors, the warrants vest over a period of 36 months at a rate of 1/36th per month. The warrants cannot be transferred and cannot be exercised prior to the end of the third calendar year following the year of the grant. The Board of Directors does not consider these warrants as variable remuneration as defined by the Belgian Companies Code as they are not subject to any performance-related criteria.

The Board of Directors points out that provision 7.7 of the Belgian Corporate Governance Code 2009 stipulates that non-executive Directors should not be entitled to performance-related remuneration such as stock-related long-term incentive schemes. In deviation from this provision, the Board of Directors has decided to grant warrants to non-executive Directors. This way, Galapagos has additional possibilities to attract competent non-executive Directors and to offer them an attractive additional remuneration that does not affect Galapagos' cash position. Furthermore, the grant of warrants is a commonly used method in the sector in which Galapagos operates. Without this possibility, Galapagos would be confronted with a considerable disadvantage compared to competitors who do offer stock-related incentive schemes to their non-executive Directors. The Board of Directors is of the opinion that the granting of warrants has no negative impact on the functioning of the non-executive Directors.

Except as set forth above, there are no other benefits granted to the non-executive Directors.

Remuneration of executive Directors of Galapagos NV

Mr. Van de Stolpe is an executive member of the Board of Directors. As managing Director and CEO, he acts as Chairman of the Executive Committee. Mr. Van de Stolpe does not receive any specific or additional remuneration for his work on the Board of Directors, as this is part of his total remuneration package in his capacity as member of the Executive Committee.

Criteria and methods to evaluate the performance of Galapagos NV's CEO and other Executive Committee members in connection with their performance-based remuneration

The executive Director (CEO) and the members of the Executive Committee are eligible for performance-based remuneration (bonus). The level of the achieved bonus is established annually by the Board of Directors on the basis of proposals from the Nomination and Remuneration Committee (whose proposals are based on recommendations by the CEO for the other members of the Executive Committee). The award of a bonus is merit-driven and based on the Group's performance rating system that is based on annual individual performance (including exceptional deliverables) in combination with the overall performance of the Group, compared to the level of achievement of individual and corporate objectives that are established annually. The corporate objectives and the CEO's objectives are established annually by the Board of Directors, and the objectives of the other members of the Executive Committee are established annually by the CEO. For 2014 the corporate objectives included elements of revenue, operating profitability, clinical trial progression and business development; all of these objectives were considered to be of equal importance. Each of the corporate objectives is clear and measurable so that it is easy to determine whether or not a specific objective has been achieved or not.

Gross remuneration of Galapagos' CEO for financial year 2014

i. Base salary (fixed): €428,491.
ii. Variable remuneration (bonus): given the level of achievement of the criteria from the Senior Management Bonus Scheme to be entitled to a bonus (i.e. the corporate objectives for 2014), a bonus of €268,000 (i.e. 60% of the 2014 base salary) was awarded over 2014 of which 50% was paid early January 2015, and the other 50% was deferred for 3 years. No performance bonus was awarded for the year 2011, as three out of five of the corporate objectives for 2011 were not achieved. Therefore, no deferred part of the bonus for the year 2011 was paid out in 2014.
iii. Pension: €65,244.
iv. Other components of the remuneration: company car and payments for invalidity and healthcare cover, totaling €19,900.

In its meeting of 17 December 2014 (in application of Article 523 of the Belgian Companies Code without the CEO being present) the Board of Directors resolved, upon recommendation of the Nomination and Remuneration Committee, to increase the CEO's salary by 2% as from 2015. The principles applied for such increase were in line with the Remuneration Policy described above.

Aggregate gross remuneration of the other Galapagos NV Executive Committee members for financial year 2014

i. Base salaries (fixed): €723,107.
ii. Variable remunerations (bonuses): given the level of achievement of the criteria from the Senior Management Bonus Scheme to be entitled to a bonus (i.e. the corporate objectives for 2014), an aggregate bonus of €200,000 (i.e. 60% of the aggregate bonus pot for the incumbents in function on 31 December 2014) was awarded over 2014 of which 50% was paid early January 2015, and the other 50% was deferred for 3 years. In addition, an aggregate amount of €34,686 was paid to Mr. Smith as an exceptional special bonus in connection

with his instrumental role in the divestment of the Group's services division. No performance bonus was awarded for the year 2011, as three out of five of the corporate objectives for 2011 were not achieved. Therefore, no deferred part of the bonus for the year 2011 was paid out in 2014.

iii. Pensions: €118,610.

iv. Other components of the remunerations: company cars, payments for invalidity and healthcare cover, and other fringe benefits, totaling €31,078.

The amounts in this section include normal payments for compensation and benefits made to Mr. David Smith and Mr. Guillaume Jetten, who both ceased to be a member of the Executive Committee, until the date of cessation of their mandate as Executive Committee member, i.e. until 1 April 2014 and 1 May 2014 respectively.

In its meeting of 17 December 2014 the Board of Directors resolved, upon recommendation of the Nomination and Remuneration Committee, to implement salary increases as from 2015 for the members of the Executive Committee generally in line with the increases awarded in previous years, based on individual performance and taking into account relevant benchmarks. The principles applied for such increases were in line with the Remuneration Policy described above.

Shares, warrants or other rights to acquire shares awarded to, exercised by or expired for the Galapagos NV Executive Committee members during financial year 2014

In 2014, only warrants were offered to the members of the Executive Committee, and no shares or other rights to acquire shares were awarded. No warrants expired for members of the Executive Committee in 2014 and, in aggregate, 112,500 warrants were exercised by members of the Executive Committee in 2014 (30,000 warrants were exercised by Onno van de Stolpe, 5,000 warrants by Piet Wigerinck, 2,500 warrants by Andre Hoekema and 75,000 warrants by former Executive Committee member Guillaume Jetten. The Board of Directors does not consider the granted warrants as a variable remuneration, as they are not subject to any performance criteria. The following number of warrants were offered to and accepted by members of the Executive Committee in 2014: (i) under the Warrant Plan 2014, issued by the Board of Directors under the authorized capital on 25 July 2014, to each of Dr. Hoekema and Dr. Wigerinck: 40,000 warrants and to Mr. Van de Stolpe: 100,000 warrants; and (ii) under the Warrant Plan 2014 (B), issued by the Board of Directors under the authorized capital on 14 October 2014, to Mr. Bart Filius (who joined the Executive Committee per 1 December 2014): 150,000 warrants.

The warrants issued under Warrant Plan 2014 have an exercise price of €14.54 per warrant, a life time of 8 years, and vest only and fully at the end of the third calendar year after the year of the grant, except for Mr. Van de Stolpe, whose warrants vest over a period of 36 months at a rate of 1/36th per month. The warrants cannot be exercised prior to the end of the third calendar year after the year of the grant; they are not transferable, and each warrant gives the right to subscribe to one share of Galapagos NV.

The warrants issued under Warrant Plan 2014 (B) have an exercise price of €11.93 per warrant, a life time of 8 years, vest only and fully at the end of the third calendar year after the year of the grant, cannot be exercised prior to the end of the third calendar year after the year of the grant, are not transferable, and each warrant gives the right to subscribe to one share of Galapagos NV.

At the end of 2014, the CEO owned 364,226 shares of Galapagos NV and 765,000 warrants. The other members of the Executive Committee in function on 31 December 2014 held an aggregate of 20,352 shares and 680,000 warrants. The other members of the Board held an aggregate of 6,800 shares and 199,070 warrants. Each warrant entitles its holder to subscribe to one share of Galapagos NV.

The Board notes that Warrant Plan 2010 (C), Warrant Plan 2013 (B) and Warrant Plan 2014 (B), each pertaining to the issuance of warrants to a new member of the Executive Committee, were approved by the Board based on a general authorization of the Shareholders' Meeting. Pursuant to provision 7.13 of the Belgian Corporate Governance Code 2009, however, schemes under which executive officers are remunerated in shares, share options or any other right to acquire shares should be subject to prior shareholder approval by way of a resolution at the Shareholders' Meeting. However, given (i) the fact that the adoption of these warrant plans falls within the scope of the authorizations to the Board of Directors granted by the Extraordinary Shareholders' Meetings of 2 June 2009 and 23 May 2011 to use the authorized capital for the issue of warrants in the framework of the remuneration policy for employees, directors and independent consultants of the Group and (ii) the interest of Galapagos NV in having the relevant beneficiaries join as soon as possible, the Board of Directors is of the opinion that it was not desirable to convene a Shareholders' Meeting to grant its express prior approval for the adoption of Warrant Plans 2010 (C), 2013 (B) and 2014 (B).

Contractual provisions regarding compensation for severance for the Galapagos NV Executive Committee members

The contracts between Galapagos NV (or its relevant affiliates) and the CEO and other members of the Executive Committee do not provide for severance compensation. They do not contain notice periods that exceed six months. However, in the past Galapagos has entered into undertakings with the CEO and the other members of the Executive Committee, providing that in case their contract with the Group is terminated as a result of a change of control of Galapagos, they would be entitled to a severance compensation of 12 months' base salary for the CEO and 9 months' base salary for the other members of the Executive Committee.

Severance payments for departing Galapagos NV Executive Committee members during financial year 2014

In 2014, two members of the Executive Committee have left the Group: Mr. David Smith, effective as of 1 April 2014, and Mr. Guillaume Jetten, effective as of 1 May 2014.

Further to the reasoned recommendation of the Remuneration Committee, the Board of Directors approved a severance package for Mr Jetten upon the termination of his services in an aggregate amount of €574,375. The value of Mr Jetten's severance package exceeds 12 months' salary but does not exceed 18 months' salary. It consisted of the following elements: (i) a payment of an amount equal to 6 months' salary; (ii) compensation for loss of post in an amount that Galapagos' external employment counsel advised the Board was within the normal range; (iii) payment as consideration for Mr Jetten's contributions to Galapagos; (iv) outstanding warrants to continue to vest and be exercisable as though he were still an employee; and (v) reimbursement for lawyer's fees and tax advice, subject to an agreed cap. The Board of Directors further notes that the severance package is consistent with the approach adopted in the past for departing members of the Executive Committee.

Claw-back right of Galapagos relating to variable remuneration

There are no contractual provisions in place between Galapagos and the CEO or the other members of the Executive Committee that give Galapagos a contractual right to reclaim from said executives the variable remuneration that would be awarded based on erroneous financial information.

Conflict of interests and related parties

In the event of a transaction where a Director's interest conflicts with the interest of Galapagos NV, the Director shall notify the Board of Directors in advance of the conflict and will act in accordance with the relevant rules of the Belgian Companies Code (i.e. article 523 of the Belgian Companies Code). In addition, Galapagos' Corporate Governance Charter includes a policy for transactions between Galapagos and its Directors and members of its Executive Committee. Without prejudice to the procedure defined in article 523 of the Belgian Companies Code, this policy provides that all transactions between Galapagos and its Directors, its members of the Executive Committee or its representatives need the approval of the Board of Directors, whose approval can only be provided for transactions at normal market conditions. Such a conflict of interest, even in the event it is not a conflict of interest as provided for in article 523 of the Belgian Companies Code, shall be enacted in the minutes, and the Director or member of the Executive Committee shall abstain from voting.

In 2014, three cases of conflict of interests between Galapagos NV and a Director within the meaning of article 523 of the Belgian Companies Code were noted:

i. In a meeting of the Board of Directors held on 27 March 2014, it was resolved that the Board would make a recommendation to the next Shareholders' Meeting for a grant of warrants to the CEO and the other members of the Board under a proposed Warrant Plan 2014 as follows: Mr Van de Stolpe: 100,000 warrants; Dr Parekh:

5,400 warrants; Dr Cautreels: 3,780 warrants; Ms. Bosley, Dr Van Barlingen, Mr Rowe and Dr Sato: each 2,520 warrants. Pursuant to section 523 of the Belgian Companies Code, the following was reported in connection with the proposed warrant offer for the CEO: The Chairman declared that Mr Onno van de Stolpe had informed the Board of Directors of a conflict of interest, concerning the proposed award to him of 100,000 warrants. It was explained to the Board that said warrant offer is proposed upon recommendation of the Remuneration Committee, is consistent with past practice and is a justified reward for the results achieved by Mr Van de Stolpe. The award of this benefit will have no material impact on the financial position of the company. The Board shared the opinion of the Remuneration Committee that the proposed benefit is justified and reasonable. Mr Van de Stolpe did not take part in the deliberation and the vote concerning this decision. Furthermore, as a warrant offer is proposed to each Director, the same procedure was followed for each Director individually.

ii. In a meeting of the Board of Directors held on 5 June 2014, the following was reported in application of article 523 of the Belgian Companies Code and in connection with the recommendation of the Remuneration Committee, further to the resolution of the Shareholders' Meeting of 29 April 2014, as to the allocation of the aggregate annual remuneration of €200,000 (plus expenses) for Directors (other than Dr Parekh and Mr Van de Stolpe) for the exercise of their mandate as Director: the Chairman declared that the Directors involved had informed the Board of a conflict of interest, concerning their proposed remuneration. It has been explained to the Board that the proposed remuneration for each Director is a continuation of the level of the fees as paid in previous years, without increase. The level of these remunerations will have no material impact on the financial position of the company. Insofar as it related to his/her individual remuneration, the Director involved did not take part in the deliberation and the vote concerning this decision.

iii. In a meeting of the Board of Directors held on 17 December 2014 the following was reported in application of article 523 of the Belgian Companies Code and in connection with the salary increase and bonus for the CEO: the Chairman declares that Mr Onno van de Stolpe has informed the Board of Directors of a conflict of interest, concerning the proposed award to him of a salary increase and a bonus. The salary of Mr Van de Stolpe was increased with 2% as of 2015. Given the actual level of achievement of the criteria from the Senior Management Bonus Scheme to be entitled to a bonus (i.e. the corporate objectives for 2014) a bonus of €268,000 (i.e. 60% of his 2014 salary) has been awarded to Mr Van de Stolpe for 2014. It has been explained to the Board that said salary increase and bonus is a justified reward for the results achieved by Mr Van de Stolpe in 2014. The salary increase and bonus will have no material impact on the financial position of the company. The Board shares the opinion of the Remuneration Committee that the proposed salary increase and bonus is justified and reasonable. Mr Van de Stolpe did not take part in the deliberation and the vote concerning this decision.

In addition, the conflict of interests procedure set forth in Galapagos' Corporate Governance Charter was applied twice in 2014 with respect to conflicts that do not qualify as conflicts of interests within the meaning of article 523 of the Belgian Companies Code.

Statement by the Board of Directors

The Board of Directors of Galapagos NV, represented by all its members, declares that, as far as it is aware, the statutory accounts and consolidated financial statements, prepared according to the applicable standards for financial statements, give a true and fair view of the equity, financial position and the results of Galapagos NV and its consolidated companies as of 31 December 2014.

The Board of Directors of Galapagos NV, represented by all its members, further declares that, as far as it is aware, this report to the shareholders for the financial year ending on 31 December 2014, gives a true and fair view on the development, results and position of Galapagos NV and its consolidated companies and on the most important risks and uncertainties with which Galapagos is confronted.

The Board of Directors will submit proposed resolutions to the Shareholders' Meeting to approve the annual accounts for the financial year 2014, and to release the Directors and the Statutory Auditor from liability for the performance of their mandate during the financial year ended 31 December 2014.

Mechelen, 26 March 2015

On behalf of the Board of Directors

Onno van de Stolpe
CEO

Raj Parekh
Chairman