Galapagos NV

Generaal De Wittelaan L11 A3, 2800 Mechelen, Belgium
Company number: 0466.460.429 – RPR Mechelen

Special Report of the Board of Directors
in accordance with articles 596 and 598 of the Code of Companies

Cancellation of the preferential subscription rights of the existing Shareholders
in the framework of the issuance of Warrants
for the benefit of Directors of the Company (Warrant Plan 2011 (B))

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1. Introduction: subject matter of this report

This report is established on 1 April 2011 by the Board of Directors of Galapagos, a limited liability company (hereinafter the "**Company**"), in accordance with the provisions of articles 596 and 598 of the Code of Companies.

In accordance with said articles, the subject matter of this report is to provide justification for the proposal to cancel the preferential subscription rights for the benefit of the individuals mentioned in this report. The preferential subscription rights will be cancelled in connection with the issuance of warrants relating to new shares that will in all aspects be identical to the existing shares of the Company. This issuance of warrants is proposed for implementation by the Extraordinary General Shareholders' Meeting of 26 April 2011 (or by a later meeting with the same agenda if the first meeting could not validly deliberate and resolve because the required attendance quorum was not reached). In this context, the Board of Directors further refers to the report the Board has established on the same day hereof in accordance with article 583 of the Code of Companies.

The Board of Directors proposes to the General Shareholders' Meeting to issue **131.740** naked warrants ("**Warrants**") in the framework of the **Warrant Plan 2011 (B)**.

The present report elaborates on the proposed exercise price of the Warrants and the financial consequences of the proposed transaction for the Shareholders of the Company. The Company will ask its Statutory Auditor (Deloitte Bedrijfsrevisoren represented by Gert Vanhees) to provide their report in accordance with articles 596 and 598 of the Code of Companies, in connection with this matter.

2. Issuance price and exercise price of the Warrants

In connection with the proposed issuance of the Warrants under the Warrant Plan 2011 (B) no issuance price will be paid. The Warrants will be granted for free to the beneficiaries of the Warrant Plan 2011 (B).

As the Shares of the Company are listed or traded on a regulated market at the date of the offer of the Warrants, the exercise price of the Warrants offered to a Director will, in accordance with article 598 of the Code of Companies, not be lower than the average of the closing price of the share of the Company during the last thirty (30) days preceding the date of the offer. In no event will the exercise price be lower than 5.41 euro, *i.e.* the fractional value (rounded up to the higher eurocent) of the shares at the date of the issuance of the Warrants.

3. Financial consequences of the transaction for the Shareholders

3.a Concerning the evolution of the share capital and the profit sharing

The share capital of the Company, at the date of this report, amounts to 142,874,773.80 Euro and it is represented by 26,411,480 shares, each share representing 1/26,411,480th part of the share capital.

In the event that Warrants of the Warrant Plan 2011 (B) will be exercised during their exercise term, the share capital of the Company will be increased by 5.41 Euro per exercised Warrant.

In the event all 131,740 Warrants issued under the Warrant Plan 2011 (B) will be exercised and, consequently, 131,740 new shares will be issued, a dilution will occur (taking into account the number of shares at the date of this report) for the existing shares in the profit of the Company of (rounded off) 0.50%.

In 2002, 2005, 2006, 2007, 2008, 2009 and 2010 the Company already approved different warrant plans under which warrants are still outstanding. The exercise of all warrants still outstanding under these plans can possibly lead to the creation of up to 2,655,152 additional shares. In the event all these warrants, granted and still capable of exercise, will be exercised, the dilution resulting from the present issuance of Warrants will be of maximum (rounded off) 0.45%. It is also pointed out that it is the intention of the Board of Directors to issue in the month of April 2011 a Warrant Plan 2011 for the benefit of certain employees and independent consultants of the Company under the authorization given to the Board in connection with the authorized capital, under which plan maximum 802,500 warrants will be offered; if this plan will *de facto* be created and all 802,500 warrants will be issued, the potential dilution resulting from the present issuance of Warrants under the Warrant Plan 2011 (B) will be maximum (rounded off) 0.44%.

At the date of this report no warrants are available for offering under the already existing warrant plans of the Company.

As the exercise price of the Warrants under the Warrant Plan 2011 (B) cannot be lower than the fractional value of the share of the Company, the exercise of the (maximum) 131,740 Warrants under the Warrant Plan 2011 (B) will have no effect on the fractional value of the share.

3.b Effect on the equity of the Company

In the event all 131,740 Warrants will be exercised, there will be an increase of the equity of the Company for an amount equal to the product of 131,740 and the exercise price per Warrant, provided, however, that this increase cannot be lower than 712,713.40 Euro (being the number of Warrants multiplied by (rounded up) 5.41 Euro *i.e.* the fractional value of the share of the Company at the date of this report), if all these Warrants would be exercised. In the event the exercise price of a warrant is higher than the equity value per share and the warrant is *de facto* exercised, then there will be a positive effect on the equity value per share for the existing shareholders.

3.c Potential financial dilution resulting from the possible future issuance of shares emanating from the exercise of Warrants under the Warrant Plan 2011 (B)

To the extent that the issuance price of the new shares that will possibly be issued as a result of the exercise of Warrants under the Warrant Plan 2011 (B) is lower than the market price of the shares at the moment of the issuance, the existing Shareholders will be confronted with a financial dilution as in such case the Warrant holders subscribe to new shares at a lower price than the existing shares. This dilution is calculated by subtracting the value per share after the issuance of the new shares from the market price of the share at the moment of the issuance of the new shares. This result is then brought in relation to the original market price.

3.d Other accounting (IFRS) and financial consequences of the offering of Warrants

At the occasion of the acceptance of offered Warrants the Company will determine a fair value for the Warrants based on actuarial methods that are commonly used for this purpose and this fair value will be accounted for over the vesting period of the Warrants in accordance with the relevant Warrant Plan. This fair value can only be determined at the date of acceptance of the Warrants. It will be determined taking into account the following parameters: (i) the market price of the share of the Company at the date of the offer; (ii) the exercise price of the Warrants; (iii) the expected volatility of the share of the Company; and (iv) the exercise term of the Warrants.

4. Motivation for the cancellation of the preferential subscription rights

The Board of Directors of the Company anticipates that the granting of Warrants to Directors of the Company will result in an enhanced motivation of the beneficiaries of these Warrants and that it will stimulate a sharp attention for the interests of the Company and its Shareholders.

5. Individuals, other than employees, for whose benefit the preferential subscription rights are cancelled

The list below contains all beneficiaries of Warrants under the Warrant Plan 2011 (B):
- Mr Onno van de Stolpe (executive Director, CEO): 100,000 Warrants;
- Dr Raj Parekh (non-executive Director): 5,400 Warrants;
- Mr Ferdinand Verdonck (independent non-executive Director): 3,780 Warrants;
- Dr Harrold van Barlingen (non-executive Director): 2,520 Warrants;
- Dr Werner Cautreels (independent non-executive Director): 2,520 Warrants;
- Dr Ronald Brus (non-executive Director): 2,520 Warrants;
- Mr Howard Rowe (independent non-executive Director)(1): 7,500 Warrants;
- Dr Vicki Sato (independent non-executive Director)(1): 7,500 Warrants

(1) Subject to appointment by the General Shareholders' Meeting of 26 April 2011.

1 April 2011.

For the Board of Directors of the Company,

(signed)	(signed)
Director	Director