

## **Galapagos achieves milestones in strategic alliances with Merck & Co., Inc.**

**Mechelen, Belgium; 15 January 2010 – Galapagos NV (Euronext: GLPG) announced today that it has reached milestones in both of its global strategic alliances with an affiliate of Merck & Co., Inc (Merck). The achievement of these milestones has entitled Galapagos to receive an aggregate payment of €3.6 million from Merck.**

In the alliances, initiated in January and April 2009, Galapagos is responsible for the discovery and pre-clinical development of new small molecule candidate drugs based on novel Galapagos targets in metabolic disease and inflammatory disease. Under the terms of the alliances, Galapagos is eligible to receive discovery, development and regulatory milestone payments that could potentially exceed €590 million total for multiple products, as well as specific sales milestones and royalties upon commercialization of any products covered in the agreements. Together with upfront fees of €4.0 million, Galapagos has received a total of €7.6 million from Merck.

“Less than one year after initiating these alliances with Merck, we have met the first milestones, ahead of schedule. Total payments from all our alliances since June 2006 now exceed €100 million, underscoring the viability of the Company's alliance strategy and business model going forward,” said Onno van de Stolpe, CEO of Galapagos.

### **About Galapagos' metabolic disease alliance with Merck**

In January 2009, Galapagos announced an alliance with Merck in diabetes and obesity; this agreement was expanded in October 2009 to include small candidate drugs for atherosclerosis. The alliance makes use of Galapagos' proprietary SilenceSelect® target discovery platform for identification of novel targets. Galapagos is responsible for the discovery and pre-clinical development of new small molecule candidate drugs based on novel Galapagos targets. After validation, targets will be selected by a joint steering committee and entered into screening and chemistry by Galapagos. Merck has the option to acquire an exclusive license to each candidate drug, and upon exercise of such an option, Merck will be responsible for the development and commercialization of the candidate drug. Galapagos may execute Phase I clinical studies and will have the right to further develop and commercialize certain compounds for which Merck does not exercise its exclusive option. Under the terms of the expanded metabolic alliance agreement, Galapagos is eligible to receive research, regulatory and sales milestone payments that may total in excess of €400 million. In addition Galapagos is eligible to receive royalties upon commercialization of any products covered under the agreement.

### **About Galapagos' inflammatory disease alliance with Merck**

Announced in April 2009, the inflammatory disease alliance also makes use of Galapagos' proprietary SilenceSelect® target discovery platform for identification of novel targets. Alliance structure, process, and roles are similar to the metabolic disease alliance. Galapagos is eligible to receive discovery, development and regulatory milestone payments that could potentially exceed €192 million total for multiple products, as well as specific sales milestones and royalties upon commercialization of any products covered under the inflammatory alliance agreement.

### **About Galapagos**

[Galapagos](#) (Euronext: GLPG; OTC: GLPYY) is a drug discovery and development company with small molecule programs in bone and joint diseases, bone metastasis, cachexia, anti-infectives and metabolic diseases. It has established risk sharing alliances with GlaxoSmithKline, Eli Lilly, Janssen Pharmaceutica, Merck & Co., Inc. and Roche. Through an alliance with MorphoSys, Galapagos is also developing new antibody therapies in bone and joint diseases. Its division BioFocus offers a full suite of target-to-drug discovery products and services to pharmaceutical and biotech companies and to patient foundations, encompassing target discovery and validation, screening and drug discovery through to delivery of pre-clinical candidates. Galapagos has more than 500 employees and operates facilities in six countries, with global headquarters in Mechelen, Belgium. More info at: [www.glpj.com](http://www.glpj.com)

### **CONTACT**

Galapagos NV  
Elizabeth Goodwin, Director Investor Relations  
Tel: +31 6 2291 6240  
[ir@glpg.com](mailto:ir@glpg.com)

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