RECAP IQ SERIES

Apr 27, 2016

Alliance Summary

Gilead Sciences to develop and commercialize Galapagos' filgotinib against rheumatoid arthritis and inflammatory disease worldwide

Licensor/Seller: Galapagos NV
Licensee/Buyer: Gilead
Licensor/Seller Parent:
Licensee/Buyer Parent:

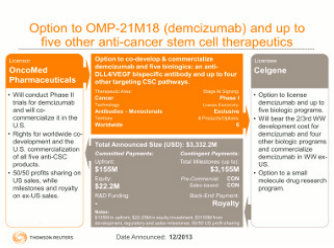
Date: 12/2015
Parties: Biotech / Biotech
Type: Co-Development, Co-Promotion, License
Stage (at signing): Phase II
Therapeutic Area: Autoimmune/Inflammatory, Gastrointestinal

Press Releases
01/01/2016 Galapagos and Gilead Complete Closing of Their Glo
01/01/2016 Galapagos and Gilead Cleared by U.S. Federal Trade
12/01/2015 Galapagos and Gilead Announce Global Partnership t

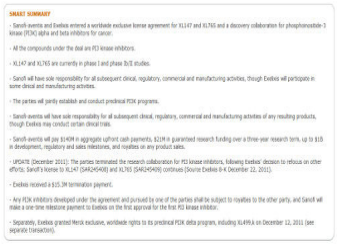
Indication:
Broad Focus Autoimmune/Inflammatory, IBD - Crohn's Disease, Rheumatoid Arthritis

Technology: Drug Delivery - Oral, Synthetics

Deal Snapshot:



Smart Summary:



FINANCIAL PAYMENTS

Payment Type	Amount	Notes
Deal Size	$ 2075 M	
Upfront Cash	$ 300 M	Upfront license fee of $300 million.
Upfront Equity	$ 425 M	Upfront equity payment of $425 million.
R&D Support		
Contingent Equity		
Loan		
Total Milestones	$ 1350 M	
Dev/Reg Milestones	CON	Development, regulatory and commercial milestone payments up to $1.35 billion
Sales Milestones	CON	Development, regulatory and commercial milestone payments up to $1.35 billion
Royalty	20 %	
Profit Split	50 %	Profits would be shared equally.
Transfer Price		

POST-COMMERCIALIZATION

Payment Type: None

Profit Split:
50 % **Notes:** Profits would be shared equally.

Marketing Fee:

Effective Royalty Rates

Sales	Rate
$ 200 M	%
$ 500 M	%
$ 1 B	%

Royalty:
20 % **Notes:** Tiered royalties on global sales at 20%.

Transfer Price:

SNAPSHOT:

Filgotinib against rheumatoid arthritis and inflammatory disease

THOMSON REUTERS

Date Announced: **12/2015**

LICENSE

Exclusivity:	Unknown	**Licensed Territory:**	Worldwide
Licensed Use:		**Licensed Country:**	Worldwide
Notes:			

SMART SUMMARY

- In December 2015, Galapagos entered into an agreement with Gilead Sciences for the development and commercialization of the JAK1 selective inhibitor, filgotinib for rheumatoid arthritis and inflammatory disease worldwide.

- Filgotinib, an oral therapy for patients with rheumatoid arthritis (RA) and Crohn's disease, is currently in a phase II study.

- The companies would start phase III development of filgotinib in RA, whereby Galapagos would cofund 20 percent of global development activities and Gilead would be responsible for manufacturing and worldwide marketing and sales activities of filgotinib.

- Galapagos would have an option to copromote filgotinib in UK, Germany, France, Italy, Spain, Belgium, Netherlands and Luxembourg, in which the parties would share profits equally.

- If Galapagos exercises its option to co-promote in Belgium, Netherlands or Luxembourg, it would book sales in these countries.

- Galapagos would receive an upfront license fee of $300 million and upfront equity of $425 million, up to $1.35 billion milestone payments upon further development, regulatory and commercial achievement, plus tiered royalties starting at 20%.

- The transaction was approved by the boards of both companies, and was subject to customary closing conditions and clearances under the Hart-Scott Rodino Antitrust Improvements Act [1722160].

- In January 2016, Galapagos announced that the US Federal Trade Commission granted an early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvement Acts of 1976 (HSR Act) for the worldwide collaboration on filgotinib with Gilead Sciences and the deal was expected to close by the end of the month.

- Later in January 2016, Galapagos and Gilead Sciences completed their global license and collaboration agreement on filgotinib against rheumatoid arthritis and inflammatory disease.

- The completion triggered a $300 million upfront license fee to Galapagos, and Gilead made a $425 million equity investment in Galapagos for new shares at a price of EUR 58 per share, including issuance premium gaining 6,760,701 ordinary shares of Galapagos