Sativex to be Developed and Marketed in the US

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London, UK; Princeton, NJ, USA; Tokyo, Japan; 14 February 2007: GW Pharmaceuticals plc (AIM: GWP) and Otsuka Pharmaceutical Co., Ltd. today announce that they have entered into a major long term strategic cannabinoid alliance. The relationship has commenced with the signing of an exclusive license and development agreement to develop and market Sativex®, GW's lead product, in the United States. The companies are also in detailed discussions with a view to entering into a cannabinoid research collaboration in the field of Central Nervous System (CNS) disorders and cancer treatment in order to research, develop and commercialize a range of other early stage cannabinoid product opportunities.

The Otsuka Pharmaceutical Group has placed significant emphasis on the research of CNSdisorders for the past 27 years. Otsuka's lead product in the field of CNS ranks among the top seven product launches in industry history and the No. 1 product launch since 2002. Worldwide revenues from this product increased from $1.3bn in 2005 to over $1.9bn in 2006. The Group is privately owned, comprises 87 companies and employs approximately 27,000 people in 17 countries and regions worldwide. It earned revenues of $6.8 billion in fiscal 2005, ranking it the 26th largest pharmaceutical company in the world1. Otsuka is continuing to expand its CNS specialty sales force presence in the US.

Sativex US License -
Under the terms of the license agreement, GW has granted Otsuka an exclusive license to develop and market Sativex, GW's lead product, in the US. GW will be responsible for the manufacture and supply of Sativex to Otsuka. The agreement is subject to Hart Scott Rodino clearance in the US.

The financial terms of this agreement include total milestone payments to GW of up to $273m as well as a long term commercial supply price and royalty. Otsuka will pay GW a signature fee of $18m. In addition, Otsuka will bear the costs of all US development activities for Sativex in the treatment of cancer pain, additional indications, and future formulations.

GW and Otsuka will jointly oversee all US clinical development and regulatory activities. For the first cancer pain indication, GW will be responsible for carrying out such activities, at Otsuka's cost. GW will also continue to be the holder of the IND until the filing of a New Drug Application, which will be in Otsuka's name. Otsuka will assume development and regulatory responsibility for the second and any subsequent indications.

In 2006, the Food & Drug Administration (FDA) permitted Sativex to enter directly into late stage development in the US for the treatment of pain in patients with advanced cancer that has not been adequately relieved by opioid medications. GW and Otsuka currently plan for the first US pivotal efficacy clinical trial to be a Phase II/III cancer pain dose ranging study, to commence this year.

Commenting on Sativex, Dr. Russell K. Portenoy, Chairman of the Department of Pain medicine and Palliative Care at Beth Israel Medical Center in New York City, and principal investigator of the first planned US Sativex study said, "A previous Phase III clinical study showed that Sativex achieved a statistically significant improvement in pain relief in terminally ill cancer patients. There are 3.9 million cancer patients in the US, of which 2.5 million suffer pain. Although opioids are highly effective analgesics, studies suggest that as many as one-third of patients with pain due to advanced cancer do not obtain adequate relief and new treatments are needed. Cannabinoid formulations may represent an important option in the future and the information obtained from clinical trials of Sativex will be critical in defining their role."

Cannabinoid Research Collaboration -
Under the proposed cannabinoid research collaboration, which is currently under detailed discussion and is expected to be formalized in a separate agreement later in the year, Otsuka would fund the evaluation of a range of cannabinoids as drug candidates within the field of CNS and cancer treatment, with a view to selecting the most promising candidates for full clinical development, regulatory approval and global commercialization. Products selected for commercialization would be the subject of a license from GW. Under the terms of this license, Otsuka would fund the global development of selected products and GW would receive commercially reasonable financial terms.

Dr Geoffrey Guy, GW's Chairman, said, "This agreement represents a landmark event in the history of GW. Not only have we secured the development and marketing of our lead product, Sativex, in the world's largest market, we have also selected a strategic partner that will allow us to extend our cannabinoid pipeline. Otsuka has an excellent US commercial track record and a world leading CNS science base. We are delighted to be working with Otsuka to fulfill our ambition of developing a range of novel cannabinoid medicines to meet serious unmet medical needs."

Taro Iwamoto, PhD, President & COO, Otsuka Pharmaceutical Development & Commercialization, Inc., said, "Otsuka is delighted to be entering into this strategic relationship with GW. Otsuka's scientists consider cannabinoids to be a significant potential source of new medicines, and as world leading pioneers in this field, GW represents the ideal partner for Otsuka. Otsuka is committed to maximizing the potential of Sativex in the US market and looks forward to

exploring a range of longer term cannabinoid product opportunities. We are confident that this is the beginning of a highly productive and valuable relationship for both companies."

GW website, 2.14.07: www.gwpharm.com