



August 17, 2008

Press Release

Can-Fite BioPharma: Seikagaku Corporation, the Exclusive Licensee of CF101 in Japan, is to Commence Phase I Clinical Trial in Japan with CF101 for the Treatment of Rheumatoid Arthritis

Can-Fite will receive USD 1 M upon clinical study initiation

Seikagaku Corporation (SKK), the exclusive licensee of Can-Fite's CF101 in the Japanese market, is about to commence phase I clinical trial in Japan with CF101 for the treatment of rheumatoid arthritis. Under the terms of the 2006 agreement between SKK and Can-Fite, Can-Fite will receive a consideration of USD 1M upon clinical trial initiation.

Under the agreement, Can-Fite will receive an aggregate consideration of up to USD 19.5 million based on predetermined milestones, until the drug is marketed in Japan; Can-Fite will also receive royalties from the sales of CF101 in the Japanese market. To date, Can-Fite has received USD 6 million from this licensing agreement. Since the agreement was signed, SKK has been conducting preclinical trials, in keeping with the strict regulatory requirements in Japan to commence phase I clinical trial.

It is of note that under this agreement, SKK is allowed to develop, manufacture and market CF101 in Japan for the treatment of inflammatory diseases (excluding ophthalmology indications).

CF101 as treatment for rheumatoid arthritis is currently in advanced phases of clinical trials in the US and Europe. Can-Fite currently conducts an ongoing multinational phase IIb trial with CF101. According to the information available to Can-Fite, the market for rheumatoid arthritis medications is estimated at about \$11 billion and consists predominantly of costly biological agents that have the disadvantage of an intravenous route of administration and adverse events. The Company estimates that CF101, which has a similar mechanism of action, may be superior due to its tablet formulation and excellent safety profile, and will be able to attract a substantial share of this market. CF101 is also clinically tested in two additional Phase II studies, one for the treatment of psoriasis and the other for the treatment of dry eyes.

Prof. Pnina Fishman, CEO of Can-Fite, congratulated SKK on entering Phase I clinical trial and said that "the close cooperation between the two companies for more than two years has promoted effective and targeted drug development and enabled the expansion of our database in support of drug safety and efficacy. We are very pleased

with the collaboration that advances the commercial opportunity of CF101 in the highly important Japanese therapeutic market”.

SEIKAGAKU CORPORATION (www.seikagaku.co.jp/english) is a significant, research-based and innovative Japanese pharmaceutical company traded on the Tokyo Stock Exchange. The company is a pioneer and leader in the field of glycoscience and therapeutics for joint diseases such as arthritis. It has developed sodium hyaluronate injection (trade named: Supartz[®], Artz[®] or Artzal[®]), is a first specialty product for osteoarthritis and acquired approval in 22 countries, including the USA. Based on the existing core business area and further focusing on inflammation including arthritis, Seikagaku is engaged actively in the collaborative research and in-licensing arrangement with companies or organizations who have innovative technologies, particularly in the areas of inflammatory and allergy diseases. The development of CF101, that was code-named by it as “SI-615”, is within the framework of SKK’s endeavours to strengthen its business base in the area of joint disease treatment and thus contribute to improved quality of life for patients.

CAN-FITE BIOPHARMA LTD CAN-FITE BIOPHARMA LTD is a public company traded on the Tel Aviv Stock Exchange. The Company, which commenced business activity in 2000, was founded by Prof. Pnina Fishman, an investigator from Rabin Medical Center, and patent attorney Dr. Ilan Cohn, a senior associate at Reinhold Cohn Patent Attorneys. Prof. Pnina Fishman serves as the CEO of Can-Fite. The Company was founded on the basis of scientific findings made by Prof. Pnina Fishman and focuses on the development of molecule-based drugs that bind to receptors of cancerous or inflammatory cells and inhibit their development.

Can-Fite’s development pipeline currently has two drugs: CF101 and CF102. The company is simultaneously conducting several preclinical and clinical trials with the two drugs for various indications. CF101 is being studied for the treatment of rheumatoid arthritis (Phase IIb), dry eye syndrome (Phase II) and psoriasis (Phase II). Can-Fite develops CF102 for the treatment of liver conditions, including liver cancer, hepatitis infections and liver tissue regeneration.

For details: Amir Eisenberg, 0528-260285; Shai Eliash 0522-546635; Liron Singer 0525-476661; Hadas Friedman 0524-022274; Miri Riley 0524-022275; Sarah Seltzer 0524-448262; Office 03-7538828