



September 9, 2008

**CAN-FITE SIGNS MOU WITH THE KOREAN COMPANY KWANG DONG PHARMACEUTICAL
FOR LICENSING CF101 RIGHTS FOR KOREA**

Can-Fite BioPharma Ltd. announced today that it has signed a Memorandum of Understanding with Kwang Dong Pharmaceutical Co., a Korean company, granting Kwang Dong exclusive rights to develop and commercialize the drug CF101 for the treatment of rheumatoid arthritis in Korea. CF101, Can-Fite's lead drug, is currently being tested in multi-national Phase IIb study for its therapeutic activity in the treatment of rheumatoid arthritis and in two Phase IIa studies: one for the treatment of psoriasis and the other for dry eye syndrome.

In accordance with the MOU, the two companies intend to proceed toward signing a definitive License Agreement by November 1, 2008.

The terms of the license, as specified in the MOU, will include an upfront payment as well as milestone payments to Can-Fite in an aggregate amount of US\$ 1.5M; and royalties on sales. Additionally, as stipulated in the MOU, Kwang Dong will also purchase equity in Can-Fite in an amount representing 1% of Can-Fite's outstanding share capital at a premium of 50% above market price.

Kwang Dong is among the largest pharmaceutical companies in Korea and is highly experienced in introducing drugs, originating from foreign sources, into Korea.

Dr. Pnina Fishman, Can-Fite's CEO, noted that Can-Fite will be very pleased to enter into a long-term mutually beneficial relationship with Kwang Dong. *"We are most honored that such a reputable company has decided to enter into an agreement with us, after having conducted due diligence that convinced them of the potentially large therapeutic benefits of CF101"*, said Dr. Fishman.

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 partner at Reinhold Cohn and Partners, Israel's largest patent attorneys firm. 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

I**lb**), 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.