



For Release

**Can-Fite BioPharma Commences Phase II Trial
of CF101 for the Treatment of Active Rheumatoid Arthritis**
**Enrollment open to candidates at
six leading medical centers in Israel**

Petach Tikva, Israel, July 23, 2003 --- Can-Fite BioPharma, Ltd. (www.canfite.com), developer of innovative treatments for cancer and inflammatory diseases, announced today the initiation of a Phase II trial of its lead drug CF101 for the treatment of Active Rheumatoid Arthritis (RA) at six leading medical centers in Israel. The objectives of the trial are to explore the safety and efficacy of daily oral doses of CF101 in the treatment of rheumatoid arthritis. RA is estimated to effect more than 1% of the global population.

“Can-Fite’s impressive development program is deeply rooted in a first class science and a keen understanding of the cellular and molecular mechanism of action of CF101. The company’s scientific team, led by Prof. Pnina Fishman, has cleverly assessed that CF101, initially intended for the treatment of cancer, is also likely to be an effective treatment for inflammatory diseases, RA in particular. The sound scientific basis employed by this team raises hopes that CF101 will prove efficacious in treating rheumatoid arthritis,” said Prof. Aaron Ciechanover, Lasker Award winner and the 2003 recipient of the Israel prize.

CF101, Can-Fite’s lead drug, is a synthetic agonist that targets the A3 adenosine receptor and has shown to inhibit the inflammatory processes in the body. “Studies show that CF101 relieves RA symptoms such as swollen joints. This anti-rheumatic is manifested by the inhibition of TNF- α , a key disease mediator. In recently completed Phase I trials with healthy subjects, CF101 was shown to be safe, highly orally bioavailable and well tolerated at doses that are expected to be of therapeutic efficacy in patients,” added Prof. Fishman.

“Things are advancing quickly at Can-Fite. The company recently closed a \$12 million dollar round of financing and is now engaged in two Phase II trials. In mid-June, Can-Fite began another Phase II study of CF101 for the treatment of colorectal cancer patients. And as of now, the company is engaged in an additional Phase II trial of the same drug focusing on RA patients. It has taken the company only two years to progress from the initiation of the drug development program to now. We are very pleased with the company’s progress and confident that both studies will yield positive results and that Can-Fite will continue on its fast track of development,” said Dr. Avi Molcho, Can-Fite BioPharma Chairman and life sciences partner at Giza Venture Capital, one of the funds that led the second investment round for Can-Fite.

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Eighty-four patients will be enrolled in the trial, which will be managed by the leading rheumatologists in Israel including Prof. Caspi from the Tel Aviv Sourasky Medical Center; Prof. Rubonow from Hadassah Hospital, Jerusalem; Prof. Nahir from Rambam Hospital, Haifa; Prof. Tishler from Asaf ha-Rofe Hospital, Ber Ya'acov; Dr. Molad from the Rabin Medical Center, Petach Tikva; and Dr. Rozner from Bnei Zion Hospital in Haifa. The trials will be randomized, double-blind, parallel-group, dose-ranging studies. Patients will randomly receive oral treatment (soft gel capsules), twice daily, of one of three dose levels of CF101 for 12 weeks and will be followed for four weeks thereafter. Disease activity will be assessed throughout and patients who respond well will have the option to continue to receive the drug.

About Can-Fite BioPharma, Ltd.

Can-Fite BioPharma Ltd. is a privately held company headquartered in Petach Tikva, Israel that began operations in year 2000. The Company was founded by Prof. Pnina Fishman, a Tumor Immunologist from the Rabin Medical Center in Israel, who serves as the Company's Chief Scientific Officer and by Dr. Ilan Cohn, the company's President & CEO, based on Prof. Fishman's scientific work. Can-Fite's research is conducted in its research lab in Israel. The Company also has a US-based senior management team that is involved in the company's pre-clinical and clinical development. Can-Fite is currently engaged in Phase II trials of its lead drug CF101 for the treatment of cancer and rheumatoid arthritis and in research and development of its rich pipeline of drugs and clinical indications. The market potential for CF101 is estimated at more than US\$ 1 billion worldwide. The first commercial product is expected in 2006. Investors in the company include Giza Venture Capital, The Yozma Group, Ascend Technology Ventures, Vitalife, Biocom BioMedical Innovations Management and PBW Israel Investment LLC.

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