



Bio-Path Holdings, Inc.

Tuesday, December 09, 2008

Dear Shareholder:

I hope this letter finds you well during this Holiday Season. The purpose of this letter is to bring you up to date on a number of important events and achievements completed over the past year. The highlights of these achievements are presented in the paragraphs below.

Drug Development Team and Drug Manufacturing

I am pleased to report to you that the Company is well underway towards its goal of initiating a Phase I clinical trial in its lead cancer drug product to treat chronic myelogenous leukemia (CML) and acute myeloid leukemia (AML). Success in this clinical trial will provide proof-of-concept that Bio-Path's antisense and siRNA delivery technology works in human patients. Bio-Path has also been building its internal capabilities, having assembled a competent drug development team of bio-science professionals. Recently, the Company entered into a drug manufacturing agreement with Althea Technologies, Inc., a major step in transforming the Company's intellectual property into real, viable drug products. This has all been accomplished in the approximate time frame, and within the budget established, under the Company's strategic plan.

Actions Taken to Improve Trading Volume and Share Price

In the early summer of this year, Management developed a three-step plan to increase trading volume and liquidity in its stock. This plan centered on 1) retaining a market research firm for coverage of Bio-path's stock, 2) upgrading the Company's stock listing from the Pink Sheets, and 3) retaining a highly competent investor relations firm to initiate a proactive and targeted investor relations campaign to build awareness of Bio-Path with key targeted investor groups.

Market Research Firm Coverage

In the summer of 2008, Bio-Path initiated a search for a market research firm to cover Bio-Path's common stock. After an extended search the Company decided on Dutton & Associates. Dutton & Associates has a reputation for excellent research coverage, something that Bio-Path's Management felt was important because of the need to convey to investors the novelty and potential of Bio-Path's liposomal delivery technology. Dutton & Associates issued its first report on Bio-Path in September with a Strong Speculative Buy Recommendation and a share target price of \$3.50.

Over the Counter Bulletin Listing

Last summer, we applied for a listing to move the Company from being listed on the Pink Sheets to the Over the Counter Bulletin Board. In November, this listing was approved, and the Company is now listed under the symbol: OTCBB: BPTH. This is an important step to begin exposing the Company to the public markets.

The Engagement of Alliance Advisors, LLC

This week the Company entered into an engagement with Alliance Advisors, LLC as the Company's investor relations firm. Alliance will immediately initiate a proactive and targeted investor relations campaign. This will include: positioning of the Company's corporate message; development of all investor related materials such as press releases, corporate profiles and presentation materials; and building long-term investor relationships for Bio-Path with key members of the professional investment community. Alliance will also utilize its proprietary contacts to facilitate the Company's introduction to institutional investors, hedge funds, independent portfolio managers, buy-side and sell-side analysts, small to large retail brokerage firms and accredited individual investors.

Current Market Conditions

As I write this letter, the U.S. economy continues to deteriorate and stock market conditions, to say the least, are challenging. The price of the Company's common stock has been adversely affected during this period, having steadily decreased after hitting highs in the late spring of this year. I am keenly aware of the need for Bio-Path to build a public relations and awareness campaign for the Company's common stock in the public capital markets; retaining an investor relations firm is a key component of this campaign. We also hope you understand that the share price decrease has little to do with the Company's progress in developing its technology. We believe that the share price decrease of Bio-Path's common stock, as is the case with the stock price of most other companies in today's market, is a direct result of adverse economic and market conditions, which has led to more sellers than buyers of the Company's stock.

In summary, Management is aggressively implementing the Company's strategic business model and taking action to improve investor awareness of the Company's common stock. We are executing our plan for a proof-of-concept clinical trial in our lead cancer drug product. Beyond

anything else, achieving success in this trial is a value driver for the price of Bio-Path's common stock. We can all look forward to next year when we expect to receive approval from the U.S. Food and Drug Administration for the Company's first Investigational New Drug application (IND), commencement of patient enrollment in our first clinical trial and dosing of our first patient. Later in the year we expect to be able to see some preliminary results from the trial, something which we expect would be of high interest to the investing community. We expect 2009 to be a very exciting year!

We continue to believe our technology can make a significant contribution in the way cancer and other diseases are treated.

I'd like to remind all of you that you can monitor Bio-Path news and progress by checking with the Company's Web-Site: www.biopathholdings.com. We update the site with news, SEC filings and general information on a regular basis.

Thank you for all your support. We wish you and your families the very best in this wonderful time of the year!

Kind regards,

A handwritten signature in black ink, appearing to read "Peter Nielsen", written in a cursive style.

Peter H. Nielsen,
President & Chief Executive Officer
Bio-Path Holdings, Inc.

Safe harbor under the "Private Securities Litigation Reform Act of 1995"

Certain statements in this Shareholder letter, including but not limited to statements regarding the FDA approval for our first IND and other statements that are not historical facts, are forward-looking statements that involve risks and uncertainties. Although Bio-Path believes that its expectations are based on reasonable assumptions, it can give no assurance that these expectations will prove correct. Any forward-looking statements and all other statements that may be made in this Shareholder letter that are not historical facts are subject to a number of risks and uncertainties, and actual results may differ materially. Specific risks include delays in FDA approval, new product development, and product performance. Please refer to Bio-Path's filings with the Securities and Exchange Commission for more information on the risk factors that could cause actual results to differ.