



Charles A. Butt
President & CEO

April 15, 2009

Dear Fellow Shareholders:

2008 marked another point in the evolution of Forbes Medi-Tech. Despite significant economic and financial pressures on small and micro-cap companies throughout North America, the Company achieved success in reaching a number of milestones enabling it to extend its cash resources and re-structure its operations.

Specifically, early in the year, the Company re-organized under a shareholder approved Plan of Arrangement enabling it to capitalize on a financing opportunity which will ultimately result in a gain of \$3,700,000. Of this amount, \$2,960,000 has already been secured by the Company and we expect to generate a further \$800,000 before the end of May 2009. This initiative was then coupled with a corporate re-structuring in which we eliminated the pharmaceutical research and development activities in order to focus exclusively on our revenue generating nutraceutical business. This has resulted in an expense savings of approximately \$2.7 million.

The Company successfully completed the sale of its pharmaceutical assets and business unit based in San Diego, California to Transition Therapeutics Inc. for an upfront payment of US \$1 million in cash paid at closing to Forbes along with potential future payments. The original inventors/owners of the technology will receive twenty percent of all payments to Forbes.

Looking at our Reducol™ business, the Company has continued to expand the product range in international markets through the introduction by both new and existing customers of additional products containing Reducol™.

Over the past year:

- new processed cheese slices have been introduced in Finland, available through the Pirkka - Reducol™ product range jointly developed by Kesko Food and Scanvit Ltd.
- a new dairy beverage containing Reducol™ has been launched in Uruguay, produced and distributed by CONAPROLE, the main dairy exporter in Uruguay and Latin America, under the Vital+ brand.
- we entered into a collaboration with MAX food ingredients GmbH, a member of the UPLEGGER food company GmbH group. MAX food ingredients GmbH was formed for the purpose of selling Reducol™, and has exclusive rights for Germany, Austria and Switzerland.

We are also continuing to work with various U.S. food manufacturers but the timing of any U.S. product launches are unclear at this point. We will update our shareholders in the event of a product launch.

Finally with respect to our business operations, we have continued to work on key business development opportunities to expand our product portfolio to include nutraceutical ingredients complementary to Reducol™.

Our challenges on the corporate front include maintaining the minimum listing requirements on the TSX and NASDAQ stock exchanges, and securing new funding or a strategic “merger and acquisition” (“M&A”) transaction to continue our operations through and beyond 2009.

Like various other companies listed on the TSX and NASDAQ, we currently do not meet certain minimum share and market price thresholds for continued listing. We have until August 12, 2009 and December 21, 2009 to regain compliance with the TSX and NASDAQ requirements, respectively. We also do not currently meet NASDAQ's minimum stockholders' equity requirement and we will be preparing a submission to NASDAQ outlining our plan to regain compliance. If accepted, we may be granted up to July 18, 2009 to demonstrate such compliance. We will provide further updates on this matter by way of news release as required.

As stated in our MD&A for the year ended December 31, 2008, and based on the assumptions also set out in the MD&A, we believe our capital resources will be sufficient to finance operations into the fourth quarter of 2009. While we are making every effort to extend this cash runway, at this time we believe that we will need to undertake an M&A transaction, or obtain additional financing, in order to continue our operations. We continue to seek both.

This past year also marked a revamping of our Board of Directors as the Company reduced its number of directors from six to four.

I would like to take this opportunity to thank our valued shareholders for their ongoing support. I would also like to thank the Board of Directors, management team, staff and our valued business partners for their commitment to Forbes and its ongoing endeavors.

Sincerely,

(signed) "Charles A. Butt"

Charles A. Butt
President & Chief Executive Officer
Forbes Medi-Tech Inc.

Forward-Looking Statements and Risk Factors

This Letter to Shareholders contains forward-looking statements and information, which are statements and information that are not historical facts but instead include statements regarding future events or conditions, including those related to the company's ongoing operations, its need for further funding or an M&A transaction, and its stock exchange listings. These statements and information can be identified by the use of forward-looking terminology such as "expect", "will", "may", "up to", "continuing", "continues", "maintaining", "securing", "through and beyond", "seek", "to regain", "potential", "future", "believe", "to demonstrate" or comparable terminology referring to future events or results. Forward-looking statements and information are statements and information about the future and are inherently uncertain, and the Company's actual results could differ materially from those anticipated in those forward-looking statements and information due to a variety of risks, uncertainties and other factors, including, without limitation, the risk that the Company may not receive the expected amount of \$800,000 in May, 2009 as anticipated; the Company's need for additional funding or an M&A transaction in order to continue as a going concern through and beyond 2009, which may not be available in a timely manner or at all; uncertainty whether the Company will be able to obtain a U.S. product launch or develop nutraceutical ingredients complementary to Reducol™ as anticipated or at all; uncertainty whether any sales and development opportunities existing at the date hereof will continue to exist or whether any such opportunities will be realized; the risk that the Company's shares may be de-listed from either or both the TSX or the NASDAQ stock exchange, which could have a material adverse effect on the Company's share liquidity and trading price and on the Company's ability to obtain financing or an M&A transaction and continue its business; uncertainty whether the Company will receive any additional payments from the sale of its pharmaceutical assets; the dependency of the Company on a few customers, including Pharmavite LLP and the risk that any change in the Company's relationship with such customers could have a material adverse effect on the Company; intellectual property risks; manufacturing risks; product liability risks; the effect of competition; the risk of unanticipated expenses; and other factors that are discussed or identified in the Company's other public filings, including its Annual Report on Form 20-F dated March 30, 2009, which can be found on SEDAR at www.sedar.com and on EDGAR at www.sec.gov, any of which could cause actual results to vary materially from current results or the Company's anticipated future results. Forward-looking statements and information are based on the beliefs, assumptions, opinions and expectations of the Company's management at the time they are made, and the Company does not assume any obligation, other than as required by law, to update its forward-looking statements and information if those beliefs, assumptions, opinions or expectations, should change.