



January 31, 2008

To our Shareholders:

Looking ahead, my expectations for our company in 2008 exceed the extraordinary progress we made during the course of 2007. Already this year, we have disclosed the effectiveness of our Hemopurifier® to capture the highly fatal H5N1 Avian Influenza Virus (bird flu); have taken steps to further increase our intellectual property estate; and have announced a collaboration that holds the potential to increase our product pipeline and provides for the purchase of our common shares at a significant premium to market.

Enumerating the milestones in 2007, we initiated and advanced six infectious disease-related research collaborations; conducted pre-clinical studies that validated and expanded the potential use of our Hemopurifier® in cancer care; launched our second human study in India; expanded our intellectual property estate; and filed an investigational device exemption (IDE) with the FDA requesting permission to initiate clinical studies in the United States. In 2008, we will continue research initiatives that advance the potential use of our Hemopurifier® in infectious disease and cancer. The purpose of this letter is to summarize a few of the initiatives we aim to execute in the coming year.

Expand our Product Pipeline – Yesterday, we announced a collaborative research agreement with Delcath Systems to develop a new therapeutic cartridge able to remove chemotherapeutic agents from blood. Prior to this event, our product pipeline consisted solely of our Hemopurifier®. While the broad-spectrum capabilities of the Hemopurifier® might offset the immediate need for a deep product pipeline, it has become evident that the techniques and methods evolved in the creation of our Hemopurifier® can be modified to allow for the development of new products that selectively remove contaminants from blood that are not addressed by our Hemopurifier®. For this reason, we plan to leverage the unique skills and

knowledge of our research team to further expand our product pipeline through partner-funded collaborations, as we continue to focus our financial resources toward the commercialization of our Hemopurifier®.

Successful Completion of Clinical Studies in India – We recently initiated the second human clinical study of our Hemopurifier® at the Fortis Hospital in Delhi, India. The study is evaluating the safety of the Hemopurifier® in up to ten patients with end-stage renal disease. To date, there have been no material adverse events in those patients enrolled and treated in the study. We hope to complete the Fortis study in its entirety in approximately ninety days. As regulatory challenges in India do not address devices such as the Hemopurifier®, our ability to initiate commercialization in India is driven by clinical data sufficient to cause practitioner confidence and acceptance in the marketplace. Treatment opportunities exist in both cancer and infectious disease. Of the infectious disease conditions that afflict the citizens of India, a leading commercialization opportunity is the treatment of Dengue Hemorrhagic Fever (DHF). Officials at the Government of India’s National Institute of Virology (NIV) have advised us that the further demonstration of safety in human studies would provide sufficient evidence to initiate an NIV sponsored program to treat patients infected with DHF. Researchers at the NIV have already documented the Hemopurifier® is able to capture up to 90 percent of circulating Dengue virus in 30 minutes during invitro studies. With an estimated 50-100 million cases each year, Dengue is one of the world's most prevalent infectious diseases and remains untreatable with traditional vaccine and antiviral drug therapies. Public health officials are now expressing concern that Dengue will soon emerge as a serious health threat to U.S. citizens. Current pandemic outbreaks in Central and South America combined with the increased prevalence of the disease in Mexico and the Caribbean validate the concern of Dengue moving into the United States. Clearly, the opportunity for our Hemopurifier® to treat this disease will extend beyond India.

Continue our Regulatory Progression in the United States – In March of last year, we submitted an Investigational Device Exemption (IDE) to the U.S. Food and Drug Administration (FDA) requesting permission to initiate human safety studies of the Hemopurifier® as a broad-spectrum treatment against select category “A” bioterror and pandemic threats. Our submission

was rather fortuitous as soon thereafter, the Department of Health and Human Services (HHS), the agency which oversees government health institutes in the United States, mandated for broad-spectrum therapeutics to become a focal point of U.S. bioterror and pandemic treatment initiatives. I believe our Hemopurifier® is a leading broad-spectrum treatment candidate.

Since the submission of our IDE, I have been pleased with the ongoing collaborative dialog we have maintained with the FDA. We have received valuable feedback from the FDA and have been able to include several ideas and data-point suggestions into the human study protocol now being conducted at the Fortis Hospital. The initial response to our IDE submission included many comments and suggestions. At present, we have addressed all comments with the exception of making a final decision on an animal efficacy model to demonstrate clinical benefit in the absence of being able to conduct human efficacy studies. Human studies against category “A” pathogens are not permissible for obvious humanitarian reasons. For this reason, the regulatory challenge related to category “A” threats is limited to the demonstration of safety in humans.

The FDA has agreed that our IDE proposal to conduct human safety studies in end-stage renal patients (similar protocol as being conducted at the Fortis Hospital) is appropriate. End-stage renal patients represent a health-compromised population undergoing regular dialysis treatment. The opportunity to demonstrate safety in health-compromised renal patients allows for the Hemopurifier® to be included within the patient’s normal dialysis treatment, thus eliminating the need to create new vascular access in study candidates. In our clinical programs in India, we have successfully completed more than 30 human treatments in end-stage renal patients without material adverse events. At the completion of our study being conducted at the Fortis Hospital, we plan to submit the resulting study data to the FDA and request permission to initiate our human safety challenge in the United States. Parallel to this strategy, we will conduct a study to demonstrate clinical benefit in an animal model. We believe we have identified an appropriate animal model and presently are conducting in vitro studies to support the use of the model in a clinical setting. Since the submission of our IDE, I am especially proud of our ability to execute research collaborations that have provided substantial data to support the targeted use of our Hemopurifier® as a device administered for the single-use removal of category “A” viral pathogens from blood. These studies have documented the ability of our Hemopurifier® to

capture many of the deadliest viral agents known to be infectious to man. I am pleased with our progress and interaction at the FDA and recognize that a cautious and successful regulatory navigation overrides the pace.

As previously referenced, my expectations for our company in 2008 exceed the extraordinary progress we made during the course of 2007. On behalf of our team at Aethlon Medical, I thank you for your continued support.

Very truly yours,

A handwritten signature in black ink, appearing to read 'J. Joyce', written in a cursive style.

James A. Joyce
Chairman, CEO

Certain of the statements herein may be forward-looking and involve risks and uncertainties. Such forward-looking statements involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Aethlon Medical, Inc to be materially different from any future results, performance, or achievements expressed or implied by the forward-looking statements. Such potential risks and uncertainties include, without limitation, the Company's ability to raise capital when needed, the Company's ability to complete the development of its planned products, the ability of the Company to obtain FDA and other regulatory approvals permitting the sale of its products, the Company's ability to manufacture its products and provide its services, the impact of government regulations, patent protection on the Company's proprietary technology, product liability exposure, uncertainty of market acceptance, competition, technological change, and other risk factors. In such instances, actual results could differ materially as a result of a variety of factors, including the risks associated with the effect of changing economic conditions and other risk factors detailed in the Company's Securities and Exchange Commission filings.