



November 18, 2008

To our Shareholders,

In my September shareholder letter, I referenced that our organization was heading into a pivotal month as we anticipated initial Hepatitis-C (HCV) treatment results from a safety study being conducted at the Fortis Hospital. The Fortis study allowed us the opportunity to enroll and test four HCV patients who each received a series of three, 4-hour Hemopurifier® treatments every other day during the course of five days. When considering the rapid replication of HCV combined with the disease being well established in each patient, we did not have tremendous clinical benefit expectations based on a short-term treatment schedule not optimized to reduce viral load. Much to our surprise, significant viral load reductions were observed in the first three patients. Patient #1 had a 95% reduction in viral load when tested three days post treatment and 89% reduction seven days post treatment. Patient #2 had an 85% reduction of viral load three days post treatment and 50% reduction seven days post treatment. Patient #3 had a 60% reduction of viral load three days post treatment and 83% reduction seven days post treatment. Initial data for the fourth patient has now been received for analysis and will be published in a formal clinical study report.

Since disclosing these outcomes, we have been overwhelmed, yet impassioned by heart wrenching stories of the many HCV-infected individuals who have contacted us seeking treatment. Continued demonstrations of safety and clinical efficacy should drive substantial demand for our Hemopurifier® in HCV care. Of the 180 million individuals infected with HCV worldwide, less than half will respond to the established pegylated interferon-ribavirin treatment standard. Our potential opportunities in HCV care include; treating individuals not responsive or unable to endure interferon-ribavirin treatment; serving as an adjunct therapy to improve the

benefit of interferon-ribavirin treatment; and, controlling disease progression in the approximate 20% of kidney dialysis patients who are co-infected with HCV. As demonstrated in our clinical studies, this application would provide for our Hemopurifier® to be included in series with a dialysis cartridge during normally scheduled treatments. With initial HCV treatment outcomes under our belt, I want to provide guidance on disclosure expectations in the coming months.

**HIV Treatment Data** – Initial data resulting from our first-in-man HIV treatment study. Individuals enrolled in the study will receive daily Hemopurifier® treatments for a period up to nine consecutive days.

**Bioterror and Pandemic Threat Report** – We will publish a report that reviews our Hemopurifier® as an advanced broad-spectrum treatment countermeasure against drug and vaccine resistant bioterror and pandemic threats.

**30-Day HCV Treatment Data** – We have extended the HCV treatment protocol conducted at the Fortis Hospital to allow for a one month-treatment case study. Completion of this study is expected towards year-end.

**Cancer Treatment Report** – A report will be released that reviews the application of the Hemopurifier® as an immunotherapeutic strategy to control the spread of tumor secreted exosomes that suppress the immune response in cancer patients.

**Government Biodefense Contract** – An update related to our response to a government biodefense contract opportunity submitted on June 4<sup>th</sup> of this year.

**Manufacturing** – Details related to contract manufacturing discussions, including potential large scale manufacturing partnerships. Through these relationships, are working to establish Good Manufacturing Practice (GMP) related to the control and management of manufacturing and quality control testing of our device. Once established, GMP allows the potential to initiate product sales in practitioner driven markets and other markets upon receipt of regulatory clearance to market our technology.

**New Product Development** – We will report on a strategy to modify the principles of our Hemopurifier® as a means to expand our product pipeline and provide a commercialization pathway that previously did not exist for candidate drug agents.

In closing, I want to thank those shareholders who made certain we were aware of the recent Grand Challenges in Global Health grant opportunity offered by the Bill & Melinda Gates Foundation. Interestingly, as we investigated the details of this grant opportunity, we learned that a highlighted area of interest was approaches for an artificial adjunct to the immune system. That said, I am not aware of any other therapeutic approach beyond our Hemopurifier® that could truly be considered an artificial adjunct to the immune system. As such, we did respond to the grant opportunity with a proposal to demonstrate that our device, acting as an artificial adjunct to the immune system can reduce viral load and improve immune function in HIV infected patients, including those fully resistant to drug therapy. Grant recipients will be announced within the next 90 days.

On behalf of our team at Aethlon Medical, I thank you for your continued support.

Very truly yours,

James A. Joyce  
Chairman, CEO

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