

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 17, 2007

AETHLON MEDICAL, INC.

(Exact name of Registrant as specified in charter)

Nevada	000-21846	13-3632859
- - - - -	- - - - -	- - - - -
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification Number)

3030 Bunker Hill Street, Suite 4000  
San Diego, California 92109  
(Address of principal executive offices)

Registrant's telephone number, including area code: (858) 459-7800

NOT APPLICABLE

(Former name or former address, if changed since last report)

FORWARD LOOKING STATEMENTS

This Form 8-K and other reports filed by Registrant from time to time with the Securities and Exchange Commission (collectively the "Filings") contain or may contain forward looking statements and information that are based upon beliefs of, and information currently available to, Registrant's management as well as estimates and assumptions made by Registrant's management. When used in the Filings the words "anticipate", "believe", "estimate", "expect", "future", "intend", "plan" or the negative of these terms and similar expressions as they relate to Registrant or Registrant's management identify forward looking statements. Such statements reflect the current view of Registrant with respect to future events and are subject to risks, uncertainties, assumptions and other factors relating to Registrant's industry, Registrant's operations and results of operations and any businesses that may be acquired by Registrant. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, actual results may differ significantly from those anticipated, believed, estimated, expected, intended or planned.

Although Registrant believes that the expectations reflected in the forward looking statements are reasonable, Registrant cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable law, including the securities laws of the United States, Registrant does not intend to update any of the forward-looking statements to conform these statements to actual results.

ITEM 3.02 UNREGISTERED SALES OF EQUITY SECURITIES

On August 13, 2007, the Registrant issued and sold Common Stock, \$0.001 par value, and warrants to purchase Common Stock, in the form of units (the "Unit"). Each Unit is comprised of (i) two shares of Common Stock of the Registrant, and (ii) one warrant to purchase one share of Common Stock at an exercise price of \$0.50 per share (the "Warrants"). The Warrants expire three years after the date of issuance of the Warrant. Each Unit was sold for \$1.00, and the aggregate gross proceeds to the Registrant were \$815,000, for the issuance and sale of 815,000 Units. The Units were issued to accredited investors only, and the Registrant relied on the exemption from registration under Regulation D, Section 506 of the Securities Act of 1933, as amended (the "Act"). In connection with the offering a fee equal to 7% of the gross proceeds was paid to a broker and to a finder. The fee was paid in a combination of cash and Common Stock. The offering closed on August 14, 2007 (the "Closing Date").

In connection with the issuance and sale of the Units, the Registrant granted registration rights to the holders of the Units, as follows: the Registrant will use its best efforts to register the Common Stock and Common Stock underlying the warrants under the Act within sixty (60) days from the Closing Date. The Registrant shall use its best efforts to cause the registration statement to be declared effective within one hundred eighty (180) calendar days from the Closing Date. If not effective by that time, then the Registrant shall pay to the investors additional shares of Common Stock equal to two percent (2%) per month (or any part thereof ) of the number of shares of Common Stock sold pursuant to the Unit offering, payable within thirty (30)

business days of the end of each month beyond the required effective date. No penalty shares shall be issued if the investors are able to rely on Rule 144 under the Act to sell their Common Stock.

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ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

EXHIBITS

Item No.	Description
- - - - -	- - - - -
4.1	Form of Common Stock Purchase Warrant
10.1	Form of Subscription Agreement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 17, 2007

AETHLON MEDICAL, INC.

By: /s/ James A. Joyce

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James A. Joyce  
Chief Executive Officer

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THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THIS WARRANT AND THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT OR AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO AETHLON MEDICAL, INC. THAT SUCH REGISTRATION IS NOT REQUIRED.

Right to Purchase \_\_\_\_\_ of shares of Common  
Stock of Aethlon Medical, Inc. (subject to  
adjustment as provided herein)

#### COMMON STOCK PURCHASE WARRANT

No. 0813-\_\_\_\_\_

Issue Date: August 13, 2007

AETHLON MEDICAL, INC., a corporation organized under the laws of the State of Nevada (the "Company"), hereby certifies that, for value received, \_\_\_\_\_ or its assigns (the "Holder"), is entitled, subject to the terms set forth below, to purchase from the Company at any time after the Issue Date until 5:00 p.m., P.S.T. on the third anniversary of the Issue Date (the "Expiration Date"), up to \_\_\_\_\_ (XXX,000) fully paid and nonassessable shares of the common stock of the Company (the "Common Stock"), at a per share purchase price of \$0.50. The aforescribed purchase price per share, as adjusted from time to time as herein provided, is referred to herein as the "Purchase Price." The number and character of such shares of Common Stock and the Purchase Price are subject to adjustment as provided herein. The Company may reduce the Purchase Price without the consent of the Holder.

As used herein the following terms, unless the context otherwise requires, have the following respective meanings:

(a) The term "Company" shall include Aethlon Medical, Inc. and any corporation which shall succeed or assume the obligations of Aethlon Medical, Inc. hereunder.

(b) The term "Common Stock" includes (a) the Company's Common Stock and (b) any other securities into which or for which any of the securities described in (a) may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

(c) The term "Other Securities" refers to any stock (other than Common Stock) and other securities of the Company or any other person (corporate or otherwise) which the holder of the Warrant at any time shall be entitled to receive, or shall have received, on the exercise of the Warrant, in lieu of or in addition to Common Stock, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Stock or Other Securities pursuant to Section 4 or otherwise.

#### 1. EXERCISE OF WARRANT.

1.1. NUMBER OF SHARES ISSUABLE UPON EXERCISE. From and after the Issue Date through and including the Expiration Date, the Holder hereof shall be entitled to receive, upon exercise of this Warrant in whole in accordance with the terms of subsection 1.2 or upon exercise of this Warrant in part in accordance with subsection 1.3, shares of Common Stock of the Company, subject to adjustment pursuant to Section 4.

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1.2. FULL EXERCISE. This Warrant may be exercised in full by the Holder hereof by delivery of an original or facsimile copy of the form of subscription attached as Exhibit A hereto (the "Subscription Form") duly executed by such Holder and surrender of the original Warrant within seven (7) days of exercise, to the Company at its principal office or at the office of its Warrant Agent (as provided hereinafter), accompanied by payment, in cash, wire transfer or by certified or official bank check payable to the order of the Company, in the amount obtained by multiplying the number of shares of Common Stock for which this Warrant is then exercisable by the Purchase Price then in effect or by cashless exercise in the manner set forth in Section 2.

1.3. PARTIAL EXERCISE. This Warrant may be exercised in part (but not for a fractional share) by surrender of this Warrant in the manner and at the place provided in subsection 1.2 except that the amount payable by the Holder on such partial exercise shall be the amount obtained by multiplying (a) the number of whole shares of Common Stock designated by the Holder in the Subscription Form by (b) the Purchase Price then in effect. On any such partial exercise, the Company, at its expense, will forthwith issue and deliver to or upon the order of the Holder hereof a new Warrant of like tenor, in the name of

the Holder hereof or as such Holder (upon payment by such Holder of any applicable transfer taxes) may request, the whole number of shares of Common Stock for which such Warrant may still be exercised.

1.4. COMPANY ACKNOWLEDGMENT. The Company will, at the time of the exercise of the Warrant, upon the request of the Holder hereof acknowledge in writing its continuing obligation to afford to such Holder any rights to which such Holder shall continue to be entitled after such exercise in accordance with the provisions of this Warrant. If the Holder shall fail to make any such request, such failure shall not affect the continuing obligation of the Company to afford to such Holder any such rights.

1.5. TRUSTEE FOR WARRANT HOLDERS. In the event that a bank or trust company shall have been appointed as trustee for the Holder of the Warrants pursuant to Subsection 3.2, such bank or trust company shall have all the powers and duties of a warrant agent (as hereinafter described) and shall accept, in its own name for the account of the Company or such successor person as may be entitled thereto, all amounts otherwise payable to the Company or such successor, as the case may be, on exercise of this Warrant pursuant to this Section 1.

1.6 DELIVERY OF STOCK CERTIFICATES, ETC. ON EXERCISE. The Company agrees that the shares of Common Stock purchased upon exercise of this Warrant shall be deemed to be issued to the Holder hereof as the record owner of such shares as of the close of business on the date on which this Warrant shall have been surrendered and payment made for such shares as aforesaid. As soon as practicable after the exercise of this Warrant in full or in part, and in any event within five (5) days thereafter, the Company at its expense (including the payment by it of any applicable issue taxes) will cause to be issued in the name of and delivered to the Holder hereof, or as such Holder (upon payment by such Holder of any applicable transfer taxes) may direct in compliance with applicable securities laws, a certificate or certificates for the number of duly and validly issued, fully paid and nonassessable shares of Common Stock (or Other Securities) to which such Holder shall be entitled on such exercise, plus, in lieu of any fractional share to which such Holder would otherwise be entitled, cash equal to such fraction.

2. REGISTRATION RIGHTS. The Company shall file a registration statement on Form SB-2 or other appropriate registration form under the Securities Act (the "Registration Statement") for the registration of the shares of Common Stock underlying this Warrant (the "Warrant Shares") and shall use its reasonable best efforts to maintain the Registration Statement effective so long as this Warrant is outstanding (the "Effectiveness Period"). The Company shall file such Registration Statement no later than sixty (60) days after August 13, 2007; provided, however, the Company will not be obligated to register more than 33% of its issued and outstanding shares of Common Stock on such registration

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statement. If the number of shares of Common Stock and the Warrant Shares proposed to be registered thereunder exceeds such 33% limitation, the Company will cut back the number of shares being registered in order for it to adhere to such 33% limitation, and such cut back will be applied to the holders of the shares being registered (including the Holder hereof) on a pro rata basis. The Company shall also use its best efforts to ensure that such Registration Statement is declared effective within one hundred and eighty (180) calendar days from August 13, 2007. Except as otherwise expressly set forth, the Company shall bear all expenses incurred by the Company in compliance with this registration obligation of the Company, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company incurred in connection with any registration, qualification or compliance concerning the Warrant Shares.

### 3. ADJUSTMENT FOR REORGANIZATION, CONSOLIDATION, MERGER, ETC.

3.1. REORGANIZATION, CONSOLIDATION, MERGER, ETC. In case at any time or from time to time, the Company shall (a) effect a reorganization, (b) consolidate with or merge into any other person or (c) transfer all or substantially all of its properties or assets to any other person under any plan or arrangement contemplating the dissolution of the Company, then, in each such case, as a condition to the consummation of such a transaction, proper and adequate provision shall be made by the Company whereby the Holder of this Warrant, on the exercise hereof as provided in Section 1, at any time after the consummation of such reorganization, consolidation or merger or the effective date of such dissolution, as the case may be, shall receive, in lieu of the Common Stock (or Other Securities) issuable on such exercise prior to such consummation or such effective date, the stock and other securities and property (including cash) to which such Holder would have been entitled upon such consummation or in connection with such dissolution, as the case may be, if such Holder had so exercised this Warrant, immediately prior thereto, all subject to further adjustment thereafter as provided in Section 4.

### 3.2. DISSOLUTION. In the event of any dissolution of the

Company following the transfer of all or substantially all of its properties or assets, the Company, prior to such dissolution, shall at its expense deliver or cause to be delivered the stock and other securities and property (including cash, where applicable) receivable by the Holder of the Warrants after the effective date of such dissolution pursuant to this Section 3 to a bank or trust company (a "Trustee") having its principal office in Los Angeles, California, as trustee for the Holder of the Warrants.

3.3. CONTINUATION OF TERMS. Upon any reorganization, consolidation, merger or transfer (and any dissolution following any transfer) referred to in this Section 3, this Warrant shall continue in full force and effect and the terms hereof shall be applicable to the Other Securities and property receivable on the exercise of this Warrant after the consummation of such reorganization, consolidation or merger or the effective date of dissolution following any such transfer, as the case may be, and shall be binding upon the issuer of any Other Securities, including, in the case of any such transfer, the person acquiring all or substantially all of the properties or assets of the Company, whether or not such person shall have expressly assumed the terms of this Warrant as provided in Section 4. In the event this Warrant does not continue in full force and effect after the consummation of the transaction described in this Section 3, then only in such event will the Company's securities and property (including cash, where applicable) receivable by the Holder of the Warrants be delivered to the Trustee as contemplated by Section 3.2.

4. EXTRAORDINARY EVENTS REGARDING COMMON STOCK. In the event that the Company shall (a) issue additional shares of the Common Stock as a dividend or other distribution on outstanding Common Stock, (b) subdivide its outstanding shares of Common Stock, or (c) combine its outstanding shares of the Common Stock into a smaller number of shares of the Common Stock, then, in each such event, the Purchase Price shall, simultaneously with the happening of such event, be adjusted by multiplying the then Purchase Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such event and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such event, and the product so obtained shall thereafter be the Purchase Price then in effect. The Purchase Price, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described herein in this Section 4.

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The number of shares of Common Stock that the Holder of this Warrant shall thereafter, on the exercise hereof as provided in Section 1, be entitled to receive shall be adjusted to a number determined by multiplying the number of shares of Common Stock that would otherwise (but for the provisions of this Section 4) be issuable on such exercise by a fraction of which (a) the numerator is the Purchase Price that would otherwise (but for the provisions of this Section 4) be in effect, and (b) the denominator is the Purchase Price in effect on the date of such exercise.

5. CERTIFICATE AS TO ADJUSTMENTS. In each case of any adjustment or readjustment in the shares of Common Stock (or Other Securities) issuable on the exercise of the Warrants, the Company at its expense will promptly cause its Chief Financial Officer or other appropriate designee to compute such adjustment or readjustment in accordance with the terms of the Warrant and prepare a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (a) the consideration received or receivable by the Company for any additional shares of Common Stock (or Other Securities) issued or sold or deemed to have been issued or sold, (b) the number of shares of Common Stock (or Other Securities) outstanding or deemed to be outstanding, and (c) the Purchase Price and the number of shares of Common Stock to be received upon exercise of this Warrant, in effect immediately prior to such adjustment or readjustment and as adjusted or readjusted as provided in this Warrant. The Company will forthwith mail a copy of each such certificate to the Holder of the Warrant and any Warrant Agent of the Company (appointed pursuant to Section 11 hereof).

6. RESERVATION OF STOCK, ETC. ISSUABLE ON EXERCISE OF WARRANT; FINANCIAL STATEMENTS. The Company will at all times reserve and keep available, solely for issuance and delivery on the exercise of the Warrants, all shares of Common Stock (or Other Securities) from time to time issuable on the exercise of the Warrant. This Warrant entitles the Holder hereof to receive copies of all financial and other information distributed or required to be distributed to the holders of the Company's Common Stock.

7. ASSIGNMENT; EXCHANGE OF WARRANT. Subject to compliance with applicable securities laws, this Warrant, and the rights evidenced hereby, may be transferred by any registered holder hereof (a "Transferor"). On the surrender for exchange of this Warrant, with the Transferor's endorsement in the form of Exhibit B attached hereto (the "Transferor Endorsement Form") and together with an opinion of counsel reasonably satisfactory to the Company that the transfer of this Warrant will be in compliance with applicable securities laws, the Company at its expense, but with payment by the Transferor of any

applicable transfer taxes, will issue and deliver to or on the order of the Transferor thereof a new Warrant or Warrants of like tenor, in the name of the Transferor and/or the transferee(s) specified in such Transferor Endorsement Form (each a "Transferee"), calling in the aggregate on the face or faces thereof for the number of shares of Common Stock called for on the face or faces of the Warrant so surrendered by the Transferor. No such transfers shall result in a public distribution of the Warrant.

8. REPLACEMENT OF WARRANT. On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of any such loss, theft or destruction of this Warrant, on delivery of an indemnity agreement or security reasonably satisfactory in form and amount to the Company or, in the case of any such mutilation, on surrender and cancellation of this Warrant, the Company at its expense, twice only, will execute and deliver, in lieu thereof, a new Warrant of like tenor.

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9. WARRANT AGENT. The Company may, by written notice to the Holder of the Warrant, appoint an agent (a "Warrant Agent") for the purpose of issuing Common Stock (or Other Securities) on the exercise of this Warrant pursuant to Section 1, exchanging this Warrant pursuant to Section 7, and replacing this Warrant pursuant to Section 8, or any of the foregoing, and thereafter any such issuance, exchange or replacement, as the case may be, shall be made at such office by such Warrant Agent.

10. TRANSFER ON THE COMPANY'S BOOKS. Until this Warrant is transferred on the books of the Company, the Company may treat the registered holder hereof as the absolute owner hereof for all purposes, notwithstanding any notice to the contrary.

11. NOTICES. All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be: (i) if to the Company to: Aethlon Medical, Inc., 3030 Bunker Hill Street, Suite 4000, San Diego, California 92109, FAX: (858) 332-1739, with a copy by facsimile only to: Richardson & Patel LLP, 10900 Wilshire Boulevard, Suite 500, Los Angeles, CA 90024, Attn: Nimish Patel, Esq., telecopier: (310) 208-1154, (ii) if to the Holder, to the address and facsimile number listed on the first paragraph of this Warrant.

12. MISCELLANEOUS. This Warrant and any term hereof may be changed, waived, discharged or terminated only by an instrument in writing signed by the party against which enforcement of such change, waiver, discharge or termination is sought. This Warrant shall be construed and enforced in accordance with and governed by the laws of California. Any dispute relating to this Warrant shall be adjudicated in City of Los Angeles in the State of California. The headings in this Warrant are for purposes of reference only, and shall not limit or otherwise affect any of the terms hereof. The invalidity or unenforceability of any provision hereof shall in no way affect the validity or enforceability of any other provision.

IN WITNESS WHEREOF, the Company has executed this Warrant as of the date first written above.

AETHLON MEDICAL, INC.

By: /s/ James A. Joyce

Name: James A. Joyce

Title: Chairman and Chief Executive Officer

Witness:

Exhibit A

FORM OF SUBSCRIPTION  
(to be signed only on exercise of Warrant)

TO: AETHLON MEDICAL, INC.

The undersigned, pursuant to the provisions set forth in the attached Warrant (No.\_\_\_\_), hereby irrevocably elects to purchase:

\_\_\_\_\_ shares of the Common Stock covered by such Warrant.

The undersigned herewith makes payment of the full purchase price for such shares at the price per share provided for in such Warrant, which is \$\_\_\_\_\_. Such payment takes the form of:

\$\_\_\_\_\_ in lawful money of the United States

The undersigned requests that the certificates for such shares be issued in the name of, and delivered to \_\_\_\_\_ whose address is \_\_\_\_\_

The undersigned represents and warrants that all offers and sales by the undersigned of the securities issuable upon exercise of the within Warrant shall be made pursuant to registration of the Common Stock under the Securities Act of 1933, as amended (the "Securities Act"), or pursuant to an exemption from registration under the Securities Act.

Dated: \_\_\_\_\_

Signature: \_\_\_\_\_  
(Signature must conform to name of holder as specified on the face of the Warrant)

Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Exhibit B

FORM OF TRANSFEROR ENDORSEMENT  
(To be signed only on transfer of Warrant)

For value received, the undersigned hereby sells, assigns, and transfers unto the person(s) named below under the heading "Transferees" the right represented by the within Warrant to purchase the percentage and number of shares of Common Stock of AETHLON MEDICAL, INC. to which the within Warrant relates specified under the headings "Percentage Transferred" and "Number Transferred," respectively, opposite the name(s) of such person(s) and appoints each such person Attorney to transfer its respective right on the books of AETHLON MEDICAL, INC. with full power of substitution in the premises.

Transferees	Percentage Transferred	Number Transferred

Dated: \_\_\_\_\_, \_\_\_\_\_

Signature: \_\_\_\_\_  
(Signature must conform to name of holder as specified  
on the face of the warrant)

Signed in the presence of:

\_\_\_\_\_  
(Name)

\_\_\_\_\_  
(address)

ACCEPTED AND AGREED:  
[TRANSFeree]

\_\_\_\_\_  
(address)

\_\_\_\_\_  
(Name)



## SUBSCRIPTION AGREEMENT

The undersigned (hereinafter "SUBSCRIBER") hereby confirms its subscription for the purchase of Units comprised of shares of Common Stock, par value \$.001 per share ("Common Stock"), of AETHLON MEDICAL, INC., a Nevada corporation (the "COMPANY"), and warrants exercisable for Common Stock ("Warrants"), on the terms described below.

The Units, the Common Stock, the Warrants and the shares issuable upon exercise of the Warrants ("Warrant Shares") are sometimes referred to collectively herein as the "SECURITIES."

In connection with this subscription, Subscriber and the Company agree as follows:

## A. SUBSCRIPTION OF THE SUBSCRIBER.

1. PURCHASE OF UNITS. The undersigned (the "Subscriber") hereby irrevocably agrees, represents and warrants with, to and for the benefit of the Company, that such Subscriber is executing this Agreement in connection with the subscription by the Subscriber for \_\_\_\_\_ units of the Company ("Units"), with each Unit consisting of (i) two shares of Common Stock of the Company and (ii) one Warrant to purchase one share of Common Stock of the Company for an exercise price of \$0.50 per share, at a price per Unit of \$1.00, resulting in the aggregate purchase price set forth on the Subscriber's signature page hereto (the "Offering Price"). The Common Stock and the Warrants (and the Warrant Shares) are sometimes referred to hereinafter collectively as the "Underlying Stock". The Subscriber understands that the Company is relying upon the accuracy and completeness of the information contained herein in complying with its obligations under federal and state securities and other applicable laws. Subject to the terms and conditions of this Agreement, upon execution and delivery hereof by the Subscriber, the Subscriber hereby agrees to purchase the Units of the Company pursuant to the transaction hereof, and against concurrent delivery of the purchase price for such Units. The date upon which the final subscription is accepted by the Company and the full Offering Price has been tendered to the Company, shall be known as the "Closing Date."

2. OFFERING. This offering of the Units (the "Offering") is being made to a limited group of investors, all of whom shall represent to the Company pursuant to this Agreement that they are "accredited investors," as that term is defined in Regulation D promulgated under the Securities Act of 1933, as amended (the "Securities Act") or who have otherwise been qualified as investors by the Company. All of the Units offered hereby are being sold by the Company. The Company is offering Units for the consideration set forth herein. The Company may sell less than all of the Units, and shall be entitled to accept subscriptions and receive the Offering Price for each subscription prior to the entire Offering being subscribed for. The Offering is being made on a "best efforts" basis. The minimum subscription amount is \$25,000.

B. REPRESENTATIONS AND WARRANTIES OF THE SUBSCRIBER. The Subscriber hereby represents and warrants to the Company as of the date hereof:

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1. PLACE OF BUSINESS. The principal place of business address set forth below is such Subscriber's true and correct principal place of business and is the only jurisdiction in which an offer to sell the Units was made to such Subscriber and such Subscriber has no present intention of moving its principal place of business to or of becoming a resident of any other state or jurisdiction.

2. SALE OR TRANSFER OF THE UNITS AND UNDERLYING STOCK. The Subscriber understands that neither the Units nor any of the Underlying Stock has been registered under the Securities Act, or under the laws of any other jurisdiction. The Subscriber understands and agrees that transfer or sale of the Units and the Underlying Stock may be restricted or prohibited unless they are subsequently registered under the Securities Act and, where required, under the laws of other jurisdictions or an exemption from registration is available. The Subscriber will not offer, sell, transfer or assign its Units or Underlying Stock or any interest therein in contravention of this Agreement, the Securities Act or any state or federal law. The Subscriber understands and acknowledges that, because of the substantial restrictions on the transferability of the Units and Underlying Stock, it may not be possible for the Subscriber to liquidate the Subscriber's investment in the Company readily, even in the case of an emergency.

3. REPRESENTATION OF ACCREDITED INVESTOR STATUS, INVESTMENT EXPERIENCE AND ABILITY TO BEAR RISK. Subscriber acknowledges that the Offering has not been registered with the Securities and Exchange Commission because the Company is relying on an exemption from registration under Section 4(2) of the Securities Act and Regulation D promulgated thereunder. SUBSCRIBER BELIEVES THAT AT THE

TIME OF THE SALE OF THE UNITS TO SUBSCRIBER, SUBSCRIBER (OR, IF SUBSCRIBER IS A CORPORATION, LIMITED LIABILITY COMPANY OR TRUST, EACH OF ITS EQUITY OWNERS) QUALIFIES AS AN "ACCREDITED INVESTOR" (AS DEFINED UNDER RULE 501 OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT) USING THE FOLLOWING QUALIFICATION FACTORS (CHECK ALL APPROPRIATE ITEMS):

( ) \$1,000,000 NET WORTH TEST:

I, Subscriber, am a natural person and my individual net worth, or joint net worth with my spouse (if any), INCLUSIVE of home, furnishings and automobiles, at the time of this purchase is in excess of \$1,000,000.

( ) \$200,000 INDIVIDUAL/\$300,000 JOINT ANNUAL INCOME TEST:

I, Subscriber, am a natural person and my individual annual gross income (exclusive of my spouse's income) has been in excess of \$200,000 in each of the two most recent tax years, and I reasonably expect individual annual gross income (exclusive of my spouse's income) to be in excess of \$200,000 for the current tax year; or I am a natural person and my joint annual gross income (including my spouse's annual gross income) has been in excess of \$300,000 in each of the two most recent tax years, and I reasonably expect our joint annual gross incomes to be in excess of \$300,000 for the current tax year.

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("INCOME" under this test is defined as adjusted gross income for federal income tax purposes PLUS (i) deductions for long-term capital gains under the Internal Revenue Code; (ii) deductions for depletion under section 611 et seq. of the Code; (iii) any exclusion for interest received on tax-exempt securities; and (iv) any losses of a Company allocated to the individual limited partners of the Company as reported on Form 1040).

( ) BANK OR INVESTMENT COMPANY TEST:

Subscriber is a bank as defined in section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; or is a broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; or is an insurance company as defined in section 2(13) of the Securities Act; or is any investment company registered under the Investment Corporation Act of 1940, or a business development company as defined in section 2(a)(48) of that Act; or is a Small Business Investment Corporation licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; is a plan established and maintained by a state, its political subdivision, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; or is an employee benefit plan within the meaning of the employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors.

( ) PRIVATE BUSINESS DEVELOPMENT CORPORATION TEST:

Subscriber is a private business development company as defined in section 202(a)(22) of the Investment Advisors Act of 1940.

( ) IRC SECTION 501(c)(3) ORGANIZATION TEST:

Subscriber is an organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or Company, not formed for the specific purpose of acquiring the securities being offered, with total assets in excess of \$5,000,000.

( ) DIRECT RELATIONSHIP TO ISSUER TEST:

Subscriber is a director, executive officer, partner or manager of the Company of the securities being offered or sold, or any director, executive officer or manager of a partner or partner of that issuer.

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( ) \$5,000,000 NONINVESTMENT TRUST TEST:

Subscriber is a trust with total assets in excess of \$5,000,000 not formed for the specific purpose of acquiring the securities being offered, whose purchase is directed by a "sophisticated person" as described in section 230.506(b) (2) (ii).

( ) EQUITY ENTITY COMPRISED OF ACCREDITED INVESTORS TEST:

Subscriber is any equity entity in which all of the equity owners are accredited investors as defined above. Subscriber has had one of the persons responsible for overseeing and/or managing one or more of Subscriber's financial accounts complete the attestation in Section D hereof in order to verify the information in this Section B:

Yes \_\_\_\_\_ No \_\_\_\_\_

In addition, Subscriber is knowledgeable and experienced with respect to the financial and business activities contemplated by the Company and is capable of evaluating the risks and merits of investing in the Units and, in making a decision to proceed with this investment, has not relied upon any representations, warranties or agreements, other than those set forth in this Agreement and can bear the economic risk of an investment in the Company for an indefinite period of time, and can afford to suffer the complete loss thereof.

4. OWN ADVICE. In connection with the Subscriber's investment in the Company, the Subscriber has carefully considered and has, to the extent the Subscriber believes such discussion necessary, discussed with the Subscriber's professional legal, tax and financial advisers (the "Investment Advisors") the suitability of an investment in the Units for the Subscriber's particular tax and financial situation and the Subscriber has determined that the Units are a suitable investment for the Subscriber.

5. COMPANY HISTORY; RISKS. The Subscriber represents and warrants that the Subscriber is aware (i) that the Company has limited operating history; (ii) that the Units involve a substantial degree of risk of loss of the Subscriber's entire investment and that there is no assurance of any income from the Subscriber's investment; and (iii) that any federal and/or state income tax benefits which may be available to the Subscriber, if any, may be lost through the adoption of new laws or regulations, to changes to existing laws and regulations and to changes in the interpretation of existing laws and regulations. The Subscriber further represents that the Subscriber is relying solely on the Subscriber's own conclusions or the advice of the Subscriber's Investment Advisors with respect to tax aspects of any investment in the Units.

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6. INQUIRIES. The Subscriber and its Investment Advisors have been given access to, and prior to the execution of this Agreement, have been provided with an opportunity to ask questions of, and receive answers from, the Company officers concerning the Company and the terms and conditions of the Offering and the Units, and to obtain any other information which the Subscriber and the Subscriber's Investment Advisors required with respect to the Company and an investment in the Company in order to evaluate such investment and verify the accuracy of all information furnished to the Subscriber and its Investment Advisors regarding the Company. All such questions, if asked, were answered satisfactorily and all information or documents provided were found to be satisfactory. Neither the Subscriber nor its Investment Advisors have been furnished any offering literature on which they have relied on other this Agreement and the Subscriber and its Investment Advisors have relied only on this Agreement. At no time was the Subscriber presented with or solicited by any leaflet, public promotion meeting, newspaper or magazine article, radio or television advertisement or any other form of general advertising or general solicitation.

7. AUTHORITY. The Subscriber is authorized and has full right and power to subscribe for the Units and to perform the Subscriber's obligations pursuant to the provisions of this Agreement; the person signing this Agreement and any other instrument executed and delivered herewith on behalf of such Subscriber has been duly authorized by such entity and has full power and authority to do so. If the Subscriber is a corporation, partnership, unincorporated association or other entity, the person signing this agreement has the legal capacity to authorize, deliver and be bound by this Subscription Agreement and to take all actions required pursuant hereto and further certifies that all necessary approvals of directors, shareholders or otherwise have been given and obtained; and if the Subscriber is an individual, it is of the full age of majority in the jurisdiction in which the Subscriber is resident and is legally competent to execute, deliver and be bound by this Subscription Agreement and take all action pursuant hereto.

8. NO DEFAULT. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby and thereby will not conflict with, or result in any violation of or default pursuant to, any

provision of any governing instrument applicable to the Subscriber, or any agreement or other instrument to which the Subscriber is a party or by which the Subscriber or any of the Subscriber's properties are bound or any permit, franchise, judgment, decree, statute, rule or regulation applicable to the Subscriber or any of the Subscriber's business or properties.

9. ERISA. If the Subscriber is an employee benefit plan subject to ERISA, then such Subscriber acknowledges that such Subscriber has been informed of and understands the operations and business of the Company, and represents that such Subscriber's investment in the Company (i) is permissible under the documents and instruments governing such plan; (ii) satisfies the diversification requirements of ERISA; (iii) is prudent considering all the facts and circumstances, including the fact that there is no trading market for the Units or the Underlying Stock; and (iv) is not a "prohibited transaction" within the meaning of Section 406 of ERISA.

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10. PURCHASE ENTIRELY FOR OWN ACCOUNT. This Agreement is made with the Subscriber in reliance upon the Subscriber's representations to the Company, which by the Subscriber's execution of this Agreement, the Subscriber hereby confirms, that the Units issuable to the Subscriber will be acquired for investment for the Subscriber's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof, and that the Subscriber has no present intention of selling, granting any participation in, or otherwise distributing the same. The Subscriber represents and warrants that the Subscriber has no contract, understanding, agreement or arrangement with any person to sell or transfer or pledge to such person or anyone else any of the Units for which the Subscriber hereby subscribes (in whole or in part) or any interest therein; and the Subscriber represents and warrants that the Subscriber has no present plans to enter into any such contract, undertaking, agreement or arrangement.

The Subscriber represents and warrants that the funds representing the Aggregate Subscription Price which will be advanced by the Subscriber hereunder will not represent proceeds of crime and the Subscriber acknowledges that the Company or the Placement Agents may in the future be required by law to disclose the Subscriber's name and other information relating to this Subscription Agreement and the Subscriber's subscription hereunder, on a confidential basis, and to the best of the Subscriber's knowledge (i) none of the subscription funds to be provided by the Subscriber (a) have been or will be derived from or related to any activity that is deemed criminal under the laws of the United States of America, or any other jurisdiction, or (b) are being tendered on behalf of a person or entity who has not been identified to the Subscriber, and (ii) it shall promptly notify the Company and the Placement Agents if the Subscriber discovers that any of such representations ceases to be true, and to provide the Company and the Placement Agents with appropriate information in connection therewith.

The Subscriber represents and warrants that the current structure of this transaction and all transactions and activities contemplated hereunder is not a plan or scheme to evade the registration provisions of the Securities Act.

The Subscriber acknowledges that:

- (i) no securities commission or similar regulatory authority has reviewed or passed on the merits of the Units or the Underlying Stock; and
- (ii) there is no government or other insurance covering the Units or Underlying Stock; and
- (iii) there are risks associated with the purchase of the Units; and
- (iv) there are restrictions on the Subscriber's ability to resell the Units and the Underlying Stock and it is the responsibility of the Subscriber to find out what those restrictions are and to comply with them before selling the Units and the Underlying Stock; and

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- (v) the Company has advised the Subscriber that the Company is relying on an exemption from the requirements to provide the Subscriber with a prospectus and to sell securities through a person or company registered to sell securities under applicable securities laws and, as a consequence of acquiring the Units pursuant to this exemption, certain protections, rights and remedies provided by applicable securities laws, including statutory rights of rescission or damages, will not be available to the Subscriber.

The Subscriber represents and warrants that it has not received nor does it

expect to receive any financial assistance from the Company, directly or indirectly, in respect of the Subscriber's purchase of the Units.

The Subscriber represents and warrants that neither the Company nor the Placement Agents, nor any of their respective directors, officers, employees or representatives, have made any representations (oral or written) to the Subscriber regarding the future value of the Units or the Underlying Stock.

The Subscriber acknowledges that (i) the Company may complete secured or unsecured debt financings or equity financings in the future in order to develop the Company's business and to fund its ongoing development, (ii) there is no assurance that such financings will be available and, if available, on reasonable terms, (iii) any such future financings may have a dilutive effect on current security holders, including the Subscriber, and (iv) if such future financings are not available, the Company may be unable to fund its ongoing development and the lack of capital resources may result in the failure of its business.

The Subscriber acknowledges that the Placement Agents, their respective affiliates and their respective directors, officers, employees and companies with which they are associated may, from time to time, have a long or short position or deal as principal in the securities of the Company.

#### C. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

1. ORGANIZATION, GOOD STANDING AND QUALIFICATION. The Company is a corporation duly organized, validly existing, in good standing under the laws of the State of Nevada and has all requisite corporate power and corporate authority to carry on its business as now conducted and as proposed to be conducted. The Company is duly qualified to transact business and is in good standing in the State of Nevada. The Company is duly qualified to transact business and is in good standing in each jurisdiction in which such qualification is required, except where the failure to be so qualified would not have a material adverse effect on the Company.

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2. FINDERS FEES. A finder's fee of up to 7% of the amounts subscribed for may be paid to anyone acting as a finder in this Offering. Such fee, if any, shall be payable one-half in cash and one-half in Units.

3. CAPITALIZATION. As of consummation of the transactions contemplated hereby and immediately thereafter, the authorized capital stock of the Company shall consist of 100,000,000 shares of common stock, par value \$0.001 per share (the "Common Stock"), of which (i) \_\_\_\_\_ shares shall be issued and outstanding, (ii) shares are reserved for issuance upon exercise of outstanding warrants, options and other convertible securities, and (iii) \_\_\_\_\_ shares shall be reserved for issuance upon the exercise of the Warrants. All such issued and outstanding shares have been duly authorized and validly issued and have been offered, issued, sold, and delivered by the Company in compliance with applicable federal and state securities laws.

4. AUTHORIZATION. The Company has all requisite corporate power to execute, deliver and perform its obligations under this Agreement and all other agreements contemplated hereby and thereby and to issue the Units and the Underlying Stock in accordance with the terms hereof. All corporate action on the part of the Company, its officers, directors and shareholders necessary for the authorization, execution and delivery of this Agreement and all other agreements and obligations contemplated hereby and thereby, the performance of all obligations of the Company hereunder and thereunder, and the authorization, issuance (or reservation for issuance), sale and delivery of the Common Stock to be issued hereunder has been taken. This Agreement constitutes valid and legally binding obligations of the Company, enforceable in accordance with their respective terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by general principles of equity, including concepts of materiality, reasonableness, good faith and fair dealing and by the possible unavailability of specific performance, injunctive relief or other equitable remedies.

5. NO VIOLATION. The Company's execution, delivery and performance of this Agreement and all other agreements contemplated hereby and thereby and the consummation of the transactions contemplated hereby and thereby will not with or without the giving of notice or the lapse of time or both (A) violate any provision of law, statute, rule or regulation to which the Company is subject, (B) violate any order, judgment or decree applicable to it, or (C) conflict with or result in a breach or default under any term or condition of its applicable governing instruments or any agreement or other instrument to which it is a party or by which it is bound.

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6. VALID ISSUANCE OF COMMON STOCK. The Common Stock being issued

hereunder, when issued, sold and delivered in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid and nonassessable and will be free of preemptive rights and restrictions on transfer other than restrictions on transfer under this Agreement and applicable state and federal securities laws. Assuming the truth and accuracy of the representations and warranties of each of the Subscribers for the Company's capital stock under agreements similar to this Agreement, the issuance of the Units hereunder shall be exempt from registration under the Securities Act and any applicable state securities laws.

7. GOVERNMENTAL CONSENTS. No consent, approval, order or authorization of, or registration, qualification, designation, declaration or filing with, any federal, state or local governmental authority on the part of the Company is required in connection with the valid execution of this Agreement and the consummation of the transactions contemplated by this Agreement except for filings pursuant to applicable state and federal securities laws which allow filings to be made following the Closing but in no event later than 15 days after the consummation of the transactions contemplated hereby. The Company (a) is not a Person described or designated in the Specially Designated Nationals and Blocked Persons List of the Office of Foreign Assets Control or in Section 1 of the Anti-Terrorism Order or (b) does not engage in any dealings or transactions with any such Person. The Company is in compliance, in all material respects, with the USA Patriot Act.

8. USE OF PROCEEDS. The proceeds from the sale of Units will be available for the Company's general corporate purposes. Up to 7% of the proceeds may be paid for finders fees which will be paid one-half in cash and one-half in Units at the Offering Price.

9. NO SUBSIDIARIES. The Company has four dormant wholly-owned subsidiaries, Aethlon, Inc, Cell Activation, Inc., Syngen Research, Inc. and Hemex, Inc.

#### 10. REGISTRATION RIGHTS

(a) Subject to the terms and limitations hereof, the Company shall file a registration statement on Form SB-2 or other appropriate registration document under the Securities Act (the "Registration Statement") for resale of the Common Stock and Warrant Shares underlying the Warrants (the "Registrable Securities") and shall use its reasonable best efforts to maintain the Registration Statement effective so long as any of the Warrants are outstanding (the "Effectiveness Period"). The Company shall file such Registration Statement no later than sixty (60) days after the completion of the Offering (the "Closing Date"); provided, however, the Company will not be obligated to register more than 33% of its issued and outstanding shares of Common Stock on such registration statement. If the number of shares of Common Stock and the Warrant Shares exceeds such 33% limitation, the Company will cut back the number of shares being registered in order for it to adhere to such 33% limitation, and such cut back will be applied

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to the holders of the Units on a pro rata basis. The Company shall also use its best efforts to ensure that such Registration Statement is declared effective within one hundred and eighty (180) calendar days from the Closing Date. If the event the Registration Statement is not declared effective within one hundred and eighty (180) calendar days from the Closing Date (the "Effective Date"), the Subscriber will be entitled to receive from the Company, without additional consideration, additional shares of Common Stock equal to two percent (2%) of the shares of Common Stock sold in the Offering for each 30-day period (or portion thereof) after which the Effective Date has passed and the Registration Statement remains without effectiveness. No "penalty shares" shall accrue or be issuable if at such time the Registrable Securities may be resold pursuant to Rule 144 under the Act.

(b) Notwithstanding the foregoing, the Company shall not be obligated to effect any registration of the Registrable Securities or take any other action pursuant to this Section 10: (i) in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, qualification or compliance unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act, or (ii) during any period in which the Company suspends the rights of a Subscriber after giving the Subscriber written notification of a Potential Material Event (defined below) pursuant to subsection (i) below.

(c) Except as otherwise expressly set forth, the Company shall bear all expenses incurred by the Company in compliance with the registration obligation of the Company, including, without limitation, all registration and filing fees, printing expenses, fees and disbursements of counsel for the Company incurred in connection with any registration, qualification or compliance pursuant to this Subscription Agreement and all underwriting discounts, selling commissions and expense allowances applicable to the sale of any securities by the Company for its own account in any registration. All underwriting discounts, selling commissions and expense allowances applicable to the sale by Subscriber of

Registrable Securities and all fees and disbursements of counsel for the Subscriber shall be borne by the Subscriber.

(d) To the extent permitted by law the Company will indemnify each Subscriber, each of its officers, directors, agents, employees and partners, and each person controlling such Subscriber, with respect to each registration, qualification or compliance effected pursuant to this Agreement, and each underwriter, if any, and each person who controls any underwriter, and their respective counsel against all claims, losses, damages and liabilities (or actions, proceedings or settlements in respect thereof) arising out of or based on (i) any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular or other document prepared by the Company (including any related registration statement, notification or the like) incident to any such registration, qualification or compliance, or (ii) any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Company of the Securities Act or any rule or regulation thereunder applicable to the Company and relating to action or inaction required of the Company in connection with any such registration, qualification or compliance, and subject to the provisions of subsection (g) below, will reimburse each such Subscriber, each of its officers, directors, agents, employees and partners, and each person controlling such Subscriber, each such

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underwriter and each person who controls any such underwriter, for any legal and any other expenses as they are reasonably incurred in connection with investigating and defending any such claim, loss, damage, liability or action, provided that the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement (or alleged untrue statement) or omission (or alleged omissions) based upon written information furnished to the Company by (or on behalf of) such Subscriber or underwriter, or if the person asserting any such loss, claim, damage or liability (or action or proceeding in respect thereof) did not receive a copy of an amended preliminary prospectus or the final prospectus (or the final prospectus as amended and supplemented) at or before the written confirmation of the sale of such Registrable Securities to such person because of the failure of the Subscriber or underwriter to so provide such amended preliminary or final prospectus (or the final prospectus as amended and supplemented); provided, however, that the indemnity agreement contained in this subsection shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by the Subscriber, any such partner, officer, director, employee, agent or controlling person of such Subscriber, or any such underwriter or any person who controls any such underwriter; provided, however, that the obligations of the Company hereunder shall be limited to an amount equal to the portion of net proceeds represented by the Registrable Securities pursuant to this Agreement.

(e) To the extent permitted by law, each Subscriber whose Registrable Securities are included in any registration, qualification or compliance effected pursuant to this Subscription Agreement will indemnify the Company, and its directors, officers, agents, employees and each underwriter, if any, of the Company's securities covered by such a registration statement, each person who controls the Company or such underwriter within the meaning of the Securities Act and the rules and regulations thereunder, each other such Subscriber and each of their officers, directors, partners, agents and employees, and each person controlling such Subscriber, and their respective counsel against all claims, losses, damages and liabilities (or actions in respect thereof) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular or other document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse the Company and such Subscribers, directors, officers, partners, persons, underwriters or control persons for any legal or any other expenses as they are reasonably incurred in connection with investigating or defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity with written information furnished to the Company by such Subscriber; PROVIDED, HOWEVER, that the obligations of any Subscriber hereunder shall be limited to an amount equal to the net proceeds to such Subscriber from Registrable Securities sold under such registration statement, prospectus, offering circular or other document as contemplated herein; provided, further, that the indemnity agreement contained in this subsection shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Subscriber, which consent shall not be unreasonably withheld or

delayed.

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(f) Each party entitled to indemnification under this Section (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld), and the Indemnified Party may participate in such defense at such party's expense; and provided further that if any Indemnified Party reasonably concludes that there may be one or more legal defenses available to it that are not available to the Indemnifying Party, or that such claim or litigation involves or could have an effect on matters beyond the scope of this Agreement, then the Indemnified Party may retain its own counsel at the expense of the Indemnifying Party; and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Agreement unless and only to the extent that such failure to give notice results in material prejudice to the Indemnifying Party. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation. Each Indemnified Party shall furnish such information regarding itself or the claim in question as an Indemnifying Party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom.

(g) If the indemnification provided for in this Section is held by a court of competent jurisdiction to be unavailable to an Indemnified Party with respect to any loss, liability, claim, damage or expense referred to herein, then the Indemnifying Party, in lieu of indemnifying such Indemnified Party hereunder, shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and of the Indemnified Party on the other in connection with the statements or omissions which resulted in such loss, liability, claim, damage or expense as well as any other relevant equitable considerations. The relative fault of the Indemnifying Party and of the Indemnified Party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the Indemnifying Party or by the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

(h) The Registrable Securities, and any related benefits to the Subscriber hereunder may be transferred or assigned by the Subscriber to a permitted transferee or assignee, provided that the Company is given written notice of such transfer or assignment, stating the name and address of said transferee or assignee and identifying the Registrable Securities with respect to which such registration rights are being transferred or assigned; provided further that the transferee or assignee of such Registrable Securities shall be deemed to have assumed the obligations of the Subscriber under this Agreement by the acceptance of such assignment and shall, upon request from the Company, evidence such assumption by delivery to the Company of a written agreement assuming such obligations of the Subscriber.

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(i) Subscriber covenants and agrees that such Subscriber will comply with the prospectus delivery requirements of the Securities Act as applicable to such Subscriber in connection with sales of Registrable Securities pursuant to the registration statement required hereunder.

11. NO STOCK AGREEMENTS. There is not in effect on the date hereof any agreement to which the Company or (to its knowledge) any holders of equity securities of the Company is a party relating to the voting, transfer or sale of such securities.

D. LEGEND. The certificate representing the Underlying Stock and the Warrants issued by the Company shall bear the following (or similar) legends:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE AND ARE BEING OFFERED AND SOLD IN RELIANCE ON EXEMPTIONS FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND SUCH LAWS. THESE SECURITIES MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED UNLESS PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR EXEMPTION THEREFROM.



E. INDEMNIFICATION. The Subscriber agrees to indemnify and hold harmless the Company and its officers, managers, members, employees, agents and affiliates against any and all loss, liability, claim, damage and expense whatsoever (including without limitation any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the Subscriber to comply with any covenant agreement made by the Subscriber herein. The Company agrees to indemnify and hold harmless the Subscriber and its officers, managers, members, employees, agents and affiliates against any and all loss, liability, claim, damage and expense whatsoever (including without limitation any and all expenses reasonably incurred in investigating, preparing or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure to comply with any covenant agreement made by the Company herein.

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F. MODIFICATION. Neither this Agreement nor any provision hereof shall be waived, modified, discharged or terminated except by an instrument in writing signed by the party against whom any such waiver, modification, discharge or termination is sought.

G. ASSIGNABILITY. This Agreement and the rights and obligations hereunder are not transferable or assignable by the Subscriber.

H. APPLICABLE LAW. This Agreement shall be governed by and construed in accordance with the laws of the State of Nevada, without regard to principles of conflicts of law.

I. SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All representations and warranties made by the Subscriber in this Agreement shall survive the execution and delivery of this Agreement, as well as any investigation at any time made by or on behalf of the Company and the issue and sale of the Units and Underlying Stock.

J. RELIANCE. The Subscriber understands and acknowledges that the Subscriber's representations, warranties, acknowledgements and agreements in this Agreement will be relied upon by the Company in determining the Subscriber's suitability as a purchaser of Units.

K. FURTHER ASSURANCES. The Subscriber agrees to provide, if requested, any additional information that may be requested or required to determine the Subscriber's eligibility to purchase the Units.

L. ENTIRE AGREEMENT. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subject matter hereof and no party shall be liable or bound to any other in any manner by any representations, warranties, covenants and agreements except as specifically set forth herein and therein.

M. SEVERABILITY. In the event one or more of the provisions of this Agreement should, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

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IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date set forth on this signature page.

Class and number of Units Subscribed for: \_\_\_\_\_

Aggregate Purchase Price: \_\_\_\_\_

\_\_\_\_\_  
Print Name of Individual, Company,  
Limited  
Liability Company, Corporation  
or Trust

\_\_\_\_\_  
Print Name of Authorized  
Representative

By: \_\_\_\_\_  
Signature of Authorized Representative

\_\_\_\_\_  
Capacity of Authorized  
Representative

Date: \_\_\_\_\_

Address: \_\_\_\_\_

Social Security Number or Tax Identification No: \_\_\_\_\_

SUBSCRIPTION ACCEPTED:

AETHLON MEDICAL, INC., a Nevada corporation

By: \_\_\_\_\_

Name: James A. Joyce

Title: CEO

Date: \_\_\_\_\_, 2007

Return Executed Document To:

Aethlon Medical, Inc.

3030 Bunker Hill Street, Suite 4000

San Diego, CA. 92109

Phone: 858-459-7800

Attention: Jim Dorst, Chief Financial Officer