January 11, 2017

CEO Note - Clinical Study Update and a Review of 2016 Accomplishments

SAN DIEGO, Jan. 11, 2017 /PRNewswire/ -- Aethlon Medical, Inc. (Nasdaq: AEMD), today released the following note authored by its Chairman and CEO, Jim Joyce.

To Our Shareholders,

During the course of 2016, our primary mission was the clinical advancement of our Hemopurifier® in a 10 patient human study being conducted at DaVita Medical Center in Houston. The Hemopurifier® is a first-in-class medical technology currently being advanced in FDA approved studies as a broad-spectrum treatment countermeasure against infectious viral pathogens.

After an extended delay primarily driven by a Principal Investigator transition, we relaunched our study in March and made significant progress thereafter. However, we failed to achieve our goal of completing the study by year-end. During our quarterly call in November, we disclosed that the Houston clinical team needed to identify two more candidate patients to fill out the study. We have since been informed that patient candidate #9 has been identified for enrollment.

The slow pace of the study clouds the fact that 2016 was actually a productive year for our company. During the year, we completed several study initiatives that reinforce the potential of our Hemopurifier to achieve the broad-spectrum medical countermeasure goal set forth by the U.S. Department of Health and Human Services (HHS) through the Public Health Emergency Medical Countermeasure Enterprise. In our case, the focus is directed toward virulent viral pathogens that are often not addressed with traditional disease-specific drugs or vaccines.

- We completed a study that demonstrated the rapid capture of Zika virus. The studies were conducted with the strain of Zika that recently spread from South America to ravage Puerto Rico and was responsible for the first wave of infections that occurred in the United States. Zika virus is not addressed with a proven drug or vaccine.
- In collaboration with India's National Institute of Virology (NIV), we completed a study that validated the capture of Chikungunya virus, a global viral threat that is not addressed with a proven drug or vaccine.
- We also completed a study that confirmed the capture of Middle East Respiratory Syndrome Coronavirus (MERS-CoV), which has spread to more than 22 countries and has a mortality rate of 35%. Like Zika and Chkiungunya virus, there is no proven antiviral drug or vaccine to treat MERS-CoV.
- Additionally, we initiated a study related to the capture of viruses associated with increased mortality in immune-suppressed sepsis and organ transplant patients. The study is designed to validate the in vitro capture of Cytomegalovirus (CMV), Epstein-

Barr virus (EBV) and Herpes Simplex Viruses (HSV). Upon completion, we will test the ability of the Hemopurifier to simultaneously capture of all three of these viruses.
- Towards year-end, we initiated a study with the University of Pittsburgh Medical Center to detect the presence of CMV, EBV and HSV in the blood of intensive care unit patients. Once detected, we are performing in vitro studies of the samples to further validate the capture of these targets from patient blood with our Hemopurifier. 10 subjects have already been enrolled in the study.

Beyond these achievements, we also accomplished several other meaningful milestones during the course of 2016

- We continued to expand our intellectual property portfolio, which included the issuance of a U.S. patent in the field of exosome biology that protects therapeutic and diagnostic methods across a wide range of disease conditions, including cancer.
- On June 27th, (approximately one year after up-listing to Nasdaq) our shares were included as part of the Russell Microcap Index. At the time, we believed our inclusion on the Russell index might elevate our stature among institutional and index funds whose assets are benchmarked against the U.S. Russell Indexes. Prior to year-end, we subsequently disclosed that reported institutional and mutual fund ownership in our company had significantly increased to over 22% with more than 25 such holders.
- We also reported that we achieved 29 of 29 milestone targets to complete a Department of Defense (DOD) contract through the Defense Advanced Research Projects Agency (DARPA) related to the treatment of sepsis. During the life of the contract, we generated overall revenues of approximately $5.9 million.
- As it relates to R&D endeavors, our research team developed a prototype cerebral spinal fluid (CSF) access system that offers to leverage our pathogen isolation techniques to address CSF related viral, neurological and central nervous system disorders in the future.
- And, in collaboration with our Exosome Sciences diagnostic subsidiary, we clinically advanced a blood-based exosome biomarker candidate (known as a TauSome™) to diagnose Chronic Traumatic Encephalopathy (CTE) in living individuals. We were invited to test our biomarker as part of the first CTE research project funded by the National Institutes of Health (NIH). In April, the preliminary results of the study were published in *The Journal of Alzheimer's Disease*. In a study of 78 former NFL players and 16 same-age control subjects, TauSome levels were reported to be higher in the NFL group as compared to control subjects. It was also reported that high TauSome levels correlated with poor performance in cognitive assessment tests. Since the publication, our ongoing analysis of the data concluded that TauSome levels were approximately 9x higher on average in the NFL group as compared to control subjects. At present, there is no proven method to diagnose CTE in living individuals. We have since agreed to expand our clinical testing in former NFL players who are at a high risk of suffering from CTE.

Beyond our advances in 2016, we were pleased to see the 21st Century Cures Act signed into law in December. The law establishes new rules, which include the priority advancement of medical devices that target diseases for which no FDA-cleared or approved alternatives are available.

While the pace of our Houston study has been disappointing, we expect to complete this

milestone and then leverage the outcomes to further advance our technology through the FDA. Unlike traditional disease-specific therapies, the completion of this study unlocks a clinical pathway to navigate the advancement of our Hemopurifier as a treatment countermeasure against a broad-spectrum of viral pathogens, including those for which no FDA-cleared or approved alternatives are available. Based on previous pre-clinical and human clinical outcomes, we continue to believe that our Hemopurifier is a leading candidate to achieve the broad-spectrum countermeasure goal of HHS.

In 2017, we look forward to moving forward through the FDA's clinical progression pathway and to deliver on the promise of the broad-spectrum abilities of our Hemopurifier.

About the Aethlon Hemopurifier®

The Aethlon Hemopurifier® is a first-in-class medical technology currently being advanced in FDA approved studies as a broad-spectrum treatment countermeasure against infectious viral pathogens. Named a "Top 25 Invention" and one of the "Eleven Most Remarkable Advances in Healthcare," by TIME Magazine, the Hemopurifier® has previously been administered to individuals infected with Ebola virus, Hepatitis C virus and the Human Immunodeficiency virus, which leads to HIV AIDS.

Beyond human treatment experiences, pre-clinical Hemopurifier studies have validated the capture of Chikungunya, Dengue, Middle East Respiratory Syndrome Coronavirus, West Nile and Zika virus, as well as Vaccinia and Monkey pox, which serve as models for human Smallpox infection. Specific to pandemic influenza threats, Aethlon has validated the capture of H5N1 avian flu, H1N1 swine flu, and the reconstructed 1918 influenza virus, which represents a model for the strain of influenza that killed an estimated 50 million victims in 1918 and 1919. To validate treatment performance, the Hemopurifier is supported by the HP Virus Capture Assay, which quantifies the number of viruses captured within the Hemopurifier and no longer circulating in the patient.

About Aethlon Medical

Aethlon Medical (Nasdaq: AEMD) is a leading developer of immunotherapeutic technologies to combat infectious disease and cancer. To augment the body's natural immune defenses, the Aethlon Hemopurifier® eliminates life-threatening disease targets that are often shielded from the immune system and not well addressed by traditional drug therapies. The technology captures circulating viruses, bacterial toxins and cancer promoting exosomes through affinity attachment to a unique structure that cloaks these targets from immune detection. At present, the Hemopurifier® is being advanced under an FDA approved clinical study. Aethlon is also the majority owner of Exosome Sciences, Inc., a company focused on the discovery of exosomal biomarkers to diagnose and monitor life-threatening diseases. Aethlon is part of the Russell Microcap® Index. Additional information can be found online at www.AethlonMedical.com or you can connect with us on Twitter, LinkedIn, Facebook and Google+.

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks and uncertainties. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "will," "projections," "estimate," or similar expressions constitute forward-looking statements. Such forward-looking statements are

subject to significant risks and uncertainties and actual results may differ materially from the results anticipated in the forward-looking statements. Factors that may contribute to such differences include, without limitation, the Company's ability to maintain its listing on the Nasdaq Capital Market, or any other national securities exchange, that the Company or its subsidiary will not be able to commercialize its products, that the FDA will not approve the initiation or continuation of the Company's clinical programs or provide market clearance of the Company's products, including clearance through the 21st Century Cures Act, the Company's ability to raise capital when needed, the Company's ability to complete the development of its planned products, the Company's ability to manufacture its products either internally or through outside companies, the impact of government regulations, patent protection on the Company's proprietary technology, the ability of the Company to meet the milestones contemplated in its contract with DARPA, product liability exposure, uncertainty of market acceptance, competition, technological change, and other risk factors. The foregoing list of risks and uncertainties is illustrative, but is not exhaustive. Additional factors that could cause results to differ materially from those anticipated in forward-looking statements can be found under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended March 31, 2016, and in the Company's other filings with the Securities and Exchange Commission. Except as may be required by law, the Company does not intend, nor does it undertake any duty, to update this information to reflect future events or circumstances.

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