Aethlon Medical Note: Thank You Shareholders

PR Newswire

SAN DIEGO, Feb. 5, 2013 /PRNewswire/ -- **Aethlon Medical, Inc.** (OTCQB: AEMD), today released the following note authored by its Chairman and CEO, Jim Joyce .

In our quest to innovate life-saving therapeutics, we have persevered through untold challenges to create a single medical device that offers to optimize the benefit of cancer and infectious disease therapies. As our endeavors transitioned beyond R&D, we thought we were cognizant of the entire alphabet soup of healthcare and financial regulatory agencies we would need to navigate to bring our technology to market.

However, on September 30th 2011, we were blindsided by an action never anticipated. The Depository Trust Company (DTC) eliminated the electronic transfer of our securities, otherwise known as a "DTC Chill." As a result, broker-dealers across America began to restrict or prohibit trading in Aethlon Medical shares, which in turn reduced liquidity and inhibited the true sentiment for our company to be accurately reflected by the public markets. A recently published viewpoint of a securities law firm provides a more succinct perspective on a DTC Chill:

"*The Depository Trust Company is the only stock depository in the U.S. When DTC provides services as the depository for an issuer's securities, its securities can trade electronically. Without DTC eligibility, it is almost impossible for an issuer to establish an active market in its securities.*"

As the result of protracted legal effort, DTC has agreed to lift the restriction on the electronic transfer of our securities, which we reported in an SEC filing on January 7th. In a related event, I am pleased to inform shareholders and other interested parties that our transfer agent has notified us that the CUSIP underlying our shares is now unlocked to again allow for our shares to be electronically traded on the DTC system. Thus, signaling the end of a lengthy and disheartening challenge faced by our organization.

While we cannot measure the full impact the DTC Chill, I ask you to consider some of our milestone achievements since September 30th, 2011. Milestone achievements that many biotechnology or medical device organizations would envy.

On the day (yes, the exact same day) the DTC Chill went into effect, we transitioned from a development-stage to revenue-stage organization as the result of a $6.8 Department of Defense (DOD) contract award from the Defense Advanced Research Projects Agency (DARPA). Since contract initiation, we have generated in excess of $2 million in revenues and have advanced the development of a device and blood processing system to combat sepsis.

Related to our DARPA program, we teamed with two larger industry organizations to respond to a $25 million systems integrator contract opportunity. The recipient of this contract has not yet been announced by DARPA.

We reported our first Hepatitis-C (HCV) efficacy data related to the use of our Hemopurifier® as an adjunct to optimize the benefit of standard of care drug therapy. The results exceeded expectations as a three-treatment Hemopurifier® protocol was demonstrated to reduce viral load to undetectable levels in as little as seven days. Since September 30th, 2011, organizations with clinical stage adjunct therapies have been acquired for a much as $11 Billion.

Based on prior discussions with the U.S. Food and Drug Administration (FDA), we established a protocol to elute the post-treatment biological fluid from the Hemopurifier® as a means to quantify HCV capture. The result established an unprecedented data point validating the capture of up to 300 billion copies of HCV during a single treatment. I plan to detail the relevance of this datapoint in a future CEO note.

As the result of our HCV treatment outcomes, the Medanta Medicity Institute is now offering Hemopurifier® therapy on a compassionate-use basis to HCV-infected individuals.

We submitted an Investigational Device Exemption (IDE) to the FDA to request permission to initiate a clinical feasibility study HCV infected individuals who would be enrolled to receive Hemopurifier® therapy. We have since received comments and study design considerations back from FDA and are preparing a response that we hope will lead to the initiation of U.S. clinical studies.

Since September 30th, 2011, we advanced studies that validated the ability of our Hemopurifier® to capture exosomes underlying different forms of cancer. Tumor-secreted exosomes have been discovered to play a vital role in cancer progression and it has recently become clear that a successful war against cancer will need to address these particles. Our Hemopurifier® is the first therapeutic candidate to address tumor-secreted exosomes.

We expanded our intellectual property portfolio of pending and issued patents. As the result of our early exosome research, we were recently issued a patent that protects our cancer treatment strategy in the United States for the next two decades.

We disclosed that researchers at the Morehouse School of Medicine discovered that the Hemopurifier® captures HIV exosomes, which transport NEF protein to assist HIV in maintaining the suppression of the immune system, even when antiviral drugs are able to achieve undetectable viral load in treated patients.

We began shipping our exosome assay (ELLSA), which we originally created to support our own research, to researchers who are utilizing its capabilities to create new diagnostic tools that have the potential to identify a variety of disease conditions in blood and urine.

We received the support of highly regarded thought leaders from the extracorporeal, sepsis, and cancer field who agreed to join our science advisory board.

We believe that these selected achievements portray a company that is making significant progress despite the challenges of being a small public company that was saddled with a DTC Chill since September 30th, 2011.

In closing, I am forever grateful to those shareholders that have loyally supported our endeavors even in the darkest moments. Your belief validates many sacrifices and inspires the strength to continue waging every fight necessary to ensure our innovation has the opportunity to save lives.

About Aethlon Medical
Aethlon Medical creates innovative medical devices that address unmet medical needs in cancer, infectious disease, and other life-threatening conditions. Our Aethlon ADAPT™ System is a revenue-stage technology platform that provides the basis for a new class of devices the rapid, yet selective removal of disease promoting particles from the entire circulatory system. At present, The Aethlon ADAPT™ product pipeline includes the Aethlon Hemopurifier® to address infectious disease and cancer, and a medical device being developed under a 5-year contract with Defense Advanced Research Projects Agency (DARPA) to reduce the incidence of sepsis in combat-injured soldiers. For more information, please visit www.aethlonmedical.com [1].

About The Aethlon Hemopurifier®
The Aethlon Hemopurifier® is a first-in-class medical device that selectively targets the rapid clearance of infectious viral pathogens and immunosuppressive proteins from the entire circulatory system. In the treatment of Hepatitis C virus (HCV), human studies have demonstrated that Hemopurifier® therapy may improve immediate, rapid and sustained virologic response rates when administered in the first few days of standard-of-care drug therapy. In addition to accelerating viral load depletion, post-treatment analysis of the Hemopurifier® has documented the capture of up to 300 billion HCV copies of HCV during a single six-hour treatment. Access to Hemopurifier® therapy is available on a compassionate-use basis through the Medanta Medicity Institute (Medicity), a leading center for medical tourism in India. The Medicity is offering treatment access to infected individuals who previously failed or subsequently relapsed standard-of-care drug regimens. The Hemopurifier® is also being offered as a salvage therapy to infected individuals who suffer a viral breakthrough during standard-of-care therapy. U.S. studies of the Hemopurifier® are currently pending approval of an IDE submitted to FDA.

The Aethlon Hemopurifier® and Cancer
In addition to the opportunity to address a broad-spectrum of infectious viral pathogens, the Hemopurifier® has been discovered to capture tumor-derived exosomes underlying several forms of cancer. Tumor-derived exosomes have recently emerged to be a vital therapeutic target in cancer care. These microvesicular particles suppress the immune response in cancer patients through

apoptosis of immune cells and their quantity in circulation correlates directly with disease progression. Beyond possessing immunosuppressive properties, tumor-derived exosomes facilitate tumor growth, metastasis, and the development of drug resistance. By addressing this unmet medical need, the Hemopurifier® is positioned as an adjunct to improve established cancer treatment regimens.

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