PROSPECT CAPITAL CORP
Form POS EX
October 14, 2016
As filed with the Securities and Exchange Commission on October 14, 2016
Registration No. 333-206661

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM N-2

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
PRE-EFFECTIVE AMENDMENT NO.
POST-EFFECTIVE AMENDMENT NO. 42

PROSPECT CAPITAL CORPORATION
(Exact Name of Registrant as Specified in Charter)

10 East 40th Street, 42nd Floor
New York, NY 10016
(Address of Principal Executive Offices)

Registrant's Telephone Number, including Area Code: (212) 448-0702

John F. Barry III
Brian H. Oswald
c/o Prospect Capital Management L.P.
10 East 40th Street, 42nd Floor
New York, NY 10016
(212) 448-0702
(Name and Address of Agent for Service)

Copies of information to:
Richard T. Prins
Skadden, Arps, Slate, Meagher & Flom LLP
4 Times Square
New York, NY 10036
(212) 735-3000

Approximate Date of Proposed Public Offering: From time to time after the effective date of this Registration Statement.

If any of the securities being registered on this form are offered on a delayed or continuous basis in reliance on Rule 415 under the Securities Act of 1933, other than securities offered in connection with a dividend reinvestment plan, check the following box.

EXPLANATORY NOTE

This Post-Effective Amendment No. 42 to the Registration Statement on Form N-2 (File No. 333-206661) of Prospect Capital Corporation (the "Registration Statement") is being filed pursuant to Rule 462(d) under the Securities Act of 1933, as amended (the "Securities Act"), solely for the purpose of filing exhibits to the Registration Statement. Accordingly, this Post-Effective Amendment No. 42 consists only of a facing page, this explanatory note and Part C of the Registration Statement on Form N-2 setting forth the exhibits to the Registration Statement. This Post-Effective Amendment No. 42 does not modify any other part of the Registration Statement. Pursuant to Rule 462(d) under the Securities Act, this Post-Effective Amendment No. 42 shall become effective immediately upon filing with the Securities and Exchange Commission. The contents of the Registration Statement are hereby incorporated by reference.

PART C—OTHER INFORMATION

ITEM 25. FINANCIAL STATEMENTS AND EXHIBITS

(1) Financial Statements

The following statements of Prospect Capital Corporation (the "Company" or the "Registrant") are included in Part A of this Registration Statement:

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

(2) Financial Statement Schedules

The financial statements of First Tower Finance Company LLC and its consolidated subsidiaries required by Rule 3-09 of Regulation S-X are provided as Exhibit (o)(1) to this Registration Statement. The financial statements of Harbortouch Payments, LLC required by Rule 3-09 of Regulation S-X are provided as Exhibit (o)(2) to this Registration Statement.

(3) Exhibits

The agreements included or incorporated by reference as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) may have been qualified in such agreement by disclosures that were made to the other party in connection with the negotiation of the applicable agreement; (iii) may apply contract standards of "materiality" that are different from "materiality" under the applicable securities laws; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement.

The Company acknowledges that, notwithstanding the inclusion of the foregoing cautionary statements, it is responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this registration statement not misleading.

Exhibit No.	Description
(a)(1)	Articles of Amendment and Restatement(1)
(b)(1)	Amended and Restated Bylaws(3)
(c)	Not Applicable
(d)(1)	Form of Share Certificate(2)
(d)(2)	Form of Indenture(9)
(d)(3)	

	Indenture dated as of December 21, 2010 relating to the 6.25% Senior Convertible Notes, by and between the Registrant and American Stock Transfer & Trust Company, LLC, as Trustee and Form of 6.25% Senior Convertible Note due 2015(7)
(d)(4)	Indenture dated as of February 18, 2011 relating to the 5.50% Senior Convertible Notes, by and between the Registrant and American Stock Transfer & Trust Company, LLC, as Trustee(8)
(d)(5)	Form of 5.50% Senior Convertible Note due 2016(6)

Exhibit No.	Description
(d)(6)	Statement of Eligibility of U.S. Bank National Association on Form T-1(150)
(d)(7)	Indenture dated as of February 16, 2012, by and between the Registrant and American Stock Transfer & Trust Company, LLC, as Trustee(10)
(d)(8)	First Supplemental Indenture dated as of March 1, 2012, to the Indenture dated as of February 16, 2012, by and between the Registrant and American Stock Transfer & Trust Company, LLC, as Trustee and Form of 7.00% Prospect Capital InterNote® due 2022(10)
(d)(9)	Second Supplemental Indenture dated as of March 8, 2012, to the Indenture dated as of February 16, 2012, by and between the Registrant and American Stock Transfer & Trust Company, LLC, as Trustee(11)
(d)(10)	Joinder Supplemental Indenture dated as of March 8, 2012, to the Indenture dated as of February 16, 2012, by and among the Registrant, American Stock Transfer & Trust Company, LLC, as Original Trustee, and U.S. Bank National Association, as Series Trustee and Form of 6.900% Prospect Capital InterNote® due 2022(11)
(d)(11)	Agreement of Resignation, Appointment and Acceptance dated as of March 12, 2012, by and among the Registrant, American Stock Transfer & Trust Company, LLC, as Retiring Trustee, and U.S. Bank National Association, as Successor Trustee (12)
(d)(12)	Third Supplemental Indenture dated as of April 5, 2012, to the Indenture dated as of February 16, 2012, by and between the Registrant and U.S. Bank National Association, as Successor Trustee pursuant to the Agreement of Resignation, Appointment and Acceptance dated as of March 12, 2012, by and among the Registrant, American Stock Transfer & Trust Company, LLC, as Retiring Trustee, and U.S. Bank National Association, as Successor Trustee (the "U.S. Bank Indenture") and Form of 6.850% Prospect Capital InterNote® due 2022(14)
(d)(13)	Fourth Supplemental Indenture dated as of April 12, 2012, to the U.S. Bank Indenture and Form of 6.700% Prospect Capital InterNote® due 2022(15)
(d)(14)	Indenture dated as of April 16, 2012 relating to the 5.375% Senior Convertible Notes, by and between the Registrant and American Stock Transfer & Trust Company, as Trustee(16)
(d)(15)	Form of 5.375% Senior Convertible Note due 2017(17)
(d)(16)	Fifth Supplemental Indenture dated as of April 26, 2012, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2022(18)
(d)(17)	Indenture dated as of August 14, 2012 relating to the 5.75% Senior Convertible Notes, by and between the Registrant and American Stock Transfer & Trust Company, as Trustee(19)
(d)(18)	Form of 5.75% Senior Convertible Note due 2018(20)
(d)(19)	Nineteenth Supplemental Indenture dated as of September 27, 2012, to the U.S. Bank Indenture and Form of 5.850% Prospect Capital InterNote® due 2019(21)
(d)(20)	Twentieth Supplemental Indenture dated as of October 4, 2012, to the U.S. Bank Indenture and Form of 5.700% Prospect Capital InterNote® due 2019(22)
(d)(21)	Twenty-First Supplemental Indenture dated as of November 23, 2012, to the U.S. Bank Indenture and Form of 5.125% Prospect Capital InterNote® due 2019(23)
(d)(22)	Twenty-Second Supplemental Indenture dated as of November 23, 2012, to the U.S. Bank Indenture and Form of 6.625% Prospect Capital InterNote® due 2042(23)
(d)(23)	Twenty-Third Supplemental Indenture dated as of November 29, 2012, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2019(24)
(d)(24)	Twenty-Fourth Supplemental Indenture dated as of November 29, 2012, to the U.S. Bank Indenture and Form of 5.750% Prospect Capital InterNote® due 2032(24)
(d)(25)	Twenty-Fifth Supplemental Indenture dated as of November 29, 2012, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2042(24)
(d)(26)	Twenty-Sixth Supplemental Indenture dated as of December 6, 2012, to the U.S. Bank Indenture and Form of 4.875% Prospect Capital InterNote® due 2019(25)

(d)(27)	Twenty-Eighth Supplemental Indenture dated as of December 6, 2012, to the U.S. Bank Indenture and Form of 6.375% Prospect Capital InterNote® due 2042(25)
(d)(28)	Twenty-Ninth Supplemental Indenture dated as of December 13, 2012, to the U.S. Bank Indenture and Form of 4.750% Prospect Capital InterNote® due 2019(26)
(d)(29)	Thirty-First Supplemental Indenture dated as of December 13, 2012, to the U.S. Bank Indenture and Form of 6.250% Prospect Capital InterNote® due 2042(26)
(d)(30)	Thirty-Second Supplemental Indenture dated as of December 20, 2012, to the U.S. Bank Indenture and Form of 4.625% Prospect Capital InterNote® due 2019(27)
(d)(31)	Thirty-Fourth Supplemental Indenture dated as of December 20, 2012, to the U.S. Bank Indenture and Form of 6.125% Prospect Capital InterNote® due 2042(27)

Exhibit No.	Description
(d)(32)	Indenture dated as of December 21, 2012, by and between the Registrant and American Stock Transfer & Trust Company, as Trustee and Form of Global Note 5.875% Convertible Senior Note Due 2019(28)
(d)(33)	Thirty-Fifth Supplemental Indenture dated as of December 28, 2012, to the U.S. Bank Indenture and Form of 4.500% Prospect Capital InterNote® due 2019(29)
(d)(34)	Thirty-Sixth Supplemental Indenture dated as of December 28, 2012, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2030(29)
(d)(35)	Thirty-Seventh Supplemental Indenture dated as of December 28, 2012, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2042(29)
(d)(36)	Thirty-Eighth Supplemental Indenture dated as of January 4, 2013, to the U.S. Bank Indenture and Form of 4.375% Prospect Capital InterNote® due 2020(30)
(d)(37)	Thirty-Ninth Supplemental Indenture dated as of January 4, 2013, to the U.S. Bank Indenture and Form of 4.875% Prospect Capital InterNote® due 2031(30)
(d)(38)	Fortieth Supplemental Indenture dated as of January 4, 2013, to the U.S. Bank Indenture and Form of 5.875% Prospect Capital InterNote® due 2043(30)
(d)(39)	Forty-First Supplemental Indenture dated as of January 10, 2013, to the U.S. Bank Indenture and Form of 4.250% Prospect Capital InterNote® due 2020(31)
(d)(40)	Forty-Second Supplemental Indenture dated as of January 10, 2013, to the U.S. Bank Indenture and Form of 4.750% Prospect Capital InterNote® due 2031(31)
(d)(41)	Forty-Third Supplemental Indenture dated as of January 10, 2013, to the U.S. Bank Indenture and Form of 5.750% Prospect Capital InterNote® due 2043(31)
(d)(42)	Forty-Fourth Supplemental Indenture dated as of January 17, 2013, to the U.S. Bank Indenture and Form of 4.125% Prospect Capital InterNote® due 2020(32)
(d)(43)	Forty-Fifth Supplemental Indenture dated as of January 17, 2013, to the U.S. Bank Indenture and Form of 4.625% Prospect Capital InterNote® due 2031(32)
(d)(44)	Forty-Sixth Supplemental Indenture dated as of January 17, 2013, to the U.S. Bank Indenture and Form of 5.625% Prospect Capital InterNote® due 2043(32)
(d)(45)	Forty-Seventh Supplemental Indenture dated as of January 25, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2020(33)
(d)(46)	Forty-Eighth Supplemental Indenture dated as of January 25, 2013, to the U.S. Bank Indenture and Form of 4.500% Prospect Capital InterNote® due 2031(33)
(d)(47)	Forty-Ninth Supplemental Indenture dated as of January 25, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2043(33)
(d)(48)	Fiftieth Supplemental Indenture dated as of January 31, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2020(34)
(d)(49)	Fifty-First Supplemental Indenture dated as of January 31, 2013, to the U.S. Bank Indenture and Form of 4.500% Prospect Capital InterNote® due 2031(34)
(d)(50)	Fifty-Second Supplemental Indenture dated as of January 31, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2043(34)
(d)(51)	Fifty-Third Supplemental Indenture dated as of February 7, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2020(35)
(d)(52)	Fifty-Fourth Supplemental Indenture dated as of February 7, 2013, to the U.S. Bank Indenture and Form of 4.500% Prospect Capital InterNote® due 2031(35)
(d)(53)	Fifty-Fifth Supplemental Indenture dated as of February 7, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2043(35)
(d)(54)	Fifty-Sixth Supplemental Indenture dated as of February 22, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2020(36)
(d)(55)	Fifty-Seventh Supplemental Indenture dated as of February 22, 2013, to the U.S. Bank Indenture and Form of 4.500% Prospect Capital InterNote® due 2031(36)

(d)(56)	Fifty-Eighth Supplemental Indenture dated as of February 22, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2043(36)
(d)(57)	Fifty-Ninth Supplemental Indenture dated as of February 28, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2020(37)
(d)(58)	Sixtieth Supplemental Indenture dated as of February 28, 2013, to the U.S. Bank Indenture and Form of 4.500% Prospect Capital InterNote® due 2031(37)

Exhibit No.	Description
(d)(59)	Sixty-First Supplemental Indenture dated as of February 28, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2043(37)
(d)(60)	Sixty-Second Supplemental Indenture dated as of March 7, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2020(38)
(d)(61)	Sixty-Third Supplemental Indenture dated as of March 7, 2013, to the U.S. Bank Indenture and Form of 4.500% Prospect Capital InterNote® due 2031(38)
(d)(62)	Sixty-Fourth Supplemental Indenture dated as of March 7, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2043(38)
(d)(63)	Sixty-Fifth Supplemental Indenture dated as of March 14, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2020(39)
(d)(64)	Sixty-Sixth Supplemental Indenture dated as of March 14, 2013, to the U.S. Bank Indenture and Form of 4.125% to 6.000% Prospect Capital InterNote® due 2031(39)
(d)(65)	Sixty-Seventh Supplemental Indenture dated as of March 14, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2043(39)
(d)(66)	Sixty-Eighth Supplemental Indenture dated as of March 14, 2013, to the U.S. Bank Indenture and Form of Floating Prospect Capital InterNote® due 2023(39)
(d)(67)	Supplemental Indenture dated as of March 15, 2013, to the U.S. Bank Indenture(40)
(d)(68)	Form of Global Note 5.875% Senior Note due 2023(41)
(d)(69)	Sixty-Ninth Supplemental Indenture dated as of March 21, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2020(42)
(d)(70)	Seventieth Supplemental Indenture dated as of March 21, 2013, to the U.S. Bank Indenture and Form of 4.125% to 6.000% Prospect Capital InterNote® due 2031(42)
(d)(71)	Seventy-First Supplemental Indenture dated as of March 21, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2043(42)
(d)(72)	Seventy-Second Supplemental Indenture dated as of March 21, 2013, to the U.S. Bank Indenture and Form of Floating Prospect Capital InterNote® due 2023(42)
(d)(73)	Seventy-Third Supplemental Indenture dated as of March 28, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2020(43)
(d)(74)	Seventy-Fourth Supplemental Indenture dated as of March 28, 2013, to the U.S. Bank Indenture and Form of 4.125% to 6.000% Prospect Capital InterNote® due 2031(43)
(d)(75)	Seventy-Fifth Supplemental Indenture dated as of March 28, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2043(43)
(d)(76)	Seventy-Sixth Supplemental Indenture dated as of March 28, 2013, to the U.S. Bank Indenture and Form of Floating Prospect Capital InterNote® due 2023(43)
(d)(77)	Seventy-Seventh Supplemental Indenture dated as of April 4, 2013, to the U.S. Bank Indenture and Form of 4.500% Prospect Capital InterNote® due 2020(44)
(d)(78)	Seventy-Eighth Supplemental Indenture dated as of April 4, 2013, to the U.S. Bank Indenture and Form of 4.625% to 6.500% Prospect Capital InterNote® due 2031(44)
(d)(79)	Seventy-Ninth Supplemental Indenture dated as of April 4, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2043(44)
(d)(80)	Eightieth Supplemental Indenture dated as of April 4, 2013, to the U.S. Bank Indenture and Form of Floating Prospect Capital InterNote® due 2023(44)
(d)(81)	Eighty-First Supplemental Indenture dated as of April 11, 2013, to the U.S. Bank Indenture and Form of 4.500% Prospect Capital InterNote® due 2020(45)
(d)(82)	Eighty-Second Supplemental Indenture dated as of April 11, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2031(45)
(d)(83)	Eighty-Third Supplemental Indenture dated as of April 11, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2043(45)

(d)(84)	Eighty-Fourth Supplemental Indenture dated as of April 11, 2013, to the U.S. Bank Indenture and Form of Floating Prospect Capital InterNote® due 2023(45)
(d)(85)	Eighty-Fifth Supplemental Indenture dated as of April 18, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2020(46)
(d)(86)	Eighty-Sixth Supplemental Indenture dated as of April 18, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2031(46)

Exhibit No.	Description
(d)(87)	Eighty-Seventh Supplemental Indenture dated as of April 18, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2043(46)
(d)(88)	Eighty-Eighth Supplemental Indenture dated as of April 25, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2020(47)
(d)(89)	Eighty-Ninth Supplemental Indenture dated as of April 25, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2031(47)
(d)(90)	Ninetieth Supplemental Indenture dated as of April 25, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2043(47)
(d)(91)	Ninety-First Supplemental Indenture dated as of May 2, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2020(48)
(d)(92)	Ninety-Second Supplemental Indenture dated as of May 2, 2013, to the U.S. Bank Indenture and Form of 5.750% Prospect Capital InterNote® due 2031(48)
(d)(93)	Ninety-Third Supplemental Indenture dated as of May 2, 2013, to the U.S. Bank Indenture and Form of 6.250% Prospect Capital InterNote® due 2043(48)
(d)(94)	Ninety-Fourth Supplemental Indenture dated as of May 9, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2020(49)
(d)(95)	Ninety-Fifth Supplemental Indenture dated as of May 9, 2013, to the U.S. Bank Indenture and Form of 5.750% Prospect Capital InterNote® due 2031(49)
(d)(96)	Ninety-Sixth Supplemental Indenture dated as of May 9, 2013, to the U.S. Bank Indenture and Form of 6.250% Prospect Capital InterNote® due 2043(49)
(d)(97)	Ninety-Seventh Supplemental Indenture dated as of May 23, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2020(50)
(d)(98)	Ninety-Eighth Supplemental Indenture dated as of May 23, 2013, to the U.S. Bank Indenture and Form of 5.750% Prospect Capital InterNote® due 2031(50)
(d)(99)	Ninety-Ninth Supplemental Indenture dated as of May 23, 2013, to the U.S. Bank Indenture and Form of 6.250% Prospect Capital InterNote® due 2043(50)
(d)(100)	One Hundredth Supplemental Indenture dated as of May 23, 2013, to the U.S. Bank Indenture and Form of 5.000% to 7.000% Prospect Capital InterNote® due 2028(50)
(d)(101)	One Hundred-First Supplemental Indenture dated as of May 31, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2020(51)
(d)(102)	One Hundred-Second Supplemental Indenture dated as of May 31, 2013, to the U.S. Bank Indenture and Form of 5.750% Prospect Capital InterNote® due 2031(51)
(d)(103)	One Hundred-Third Supplemental Indenture dated as of May 31, 2013, to the U.S. Bank Indenture and Form of 6.250% Prospect Capital InterNote® due 2043(51)
(d)(104)	One Hundred-Fourth Supplemental Indenture dated as of June 6, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2020(52)
(d)(105)	One Hundred-Fifth Supplemental Indenture dated as of June 6, 2013, to the U.S. Bank Indenture and Form of 5.750% Prospect Capital InterNote® due 2031(52)
(d)(106)	One Hundred-Sixth Supplemental Indenture dated as of June 6, 2013, to the U.S. Bank Indenture and Form of 6.250% Prospect Capital InterNote® due 2043(52)
(d)(107)	One Hundred-Seventh Supplemental Indenture dated as of June 6, 2013, to the U.S. Bank Indenture and Form of 5.000% to 7.000% Prospect Capital InterNote® due 2028(52)
(d)(108)	One Hundred-Eighth Supplemental Indenture dated as of June 13, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2020(53)
(d)(109)	One Hundred-Ninth Supplemental Indenture dated as of June 13, 2013, to the U.S. Bank Indenture and Form of 5.750% Prospect Capital InterNote® due 2031(53)
(d)(110)	One Hundred-Tenth Supplemental Indenture dated as of June 13, 2013, to the U.S. Bank Indenture and Form of 6.250% Prospect Capital InterNote® due 2043(53)

(d)(111)	One Hundred-Eleventh Supplemental Indenture dated as of June 20, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2020(54)
(d)(112)	One Hundred-Twelfth Supplemental Indenture dated as of June 20, 2013, to the U.S. Bank Indenture and Form of 5.750% Prospect Capital InterNote® due 2031(54)
(d)(113)	One Hundred-Thirteenth Supplemental Indenture dated as of June 20, 2013, to the U.S. Bank Indenture and Form of 6.250% Prospect Capital InterNote® due 2043(54)

Exhibit No.	Description
(d)(114)	One Hundred-Fifteenth Supplemental Indenture dated as of June 27, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2031(55)
(d)(115)	One Hundred-Sixteenth Supplemental Indenture dated as of June 27, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2043(55)
(d)(116)	One Hundred-Seventeenth Supplemental Indenture dated as of July 5, 2013, to the U.S. Bank Indenture and Form of 4.750% Prospect Capital InterNote® due 2020(56)
(d)(117)	One Hundred-Eighteenth Supplemental Indenture dated as of July 5, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2031(56)
(d)(118)	One Hundred-Nineteenth Supplemental Indenture dated as of July 5, 2013, to the U.S. Bank Indenture and Form of 6.250% Prospect Capital InterNote® due 2043(56)
(d)(119)	One Hundred-Twentieth Supplemental Indenture dated as of July 5, 2013, to the U.S. Bank Indenture and Form of 6.750% Prospect Capital InterNote® due 2043(56)
(d)(120)	One Hundred Twenty-First Supplemental Indenture dated as of July 11, 2013, to the U.S. Bank Indenture and Form of 4.750% Prospect Capital InterNote® due 2020(57)
(d)(121)	One Hundred Twenty-Second Supplemental Indenture dated as of July 11, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2031(57)
(d)(122)	One Hundred Twenty-Third Supplemental Indenture dated as of July 11, 2013, to the U.S. Bank Indenture and Form of 6.250% Prospect Capital InterNote® due 2043(57)
(d)(123)	One Hundred Twenty-Fourth Supplemental Indenture dated as of July 11, 2013, to the U.S. Bank Indenture and Form of 6.750% Prospect Capital InterNote® due 2043(57)
(d)(124)	One Hundred Twenty-Fifth Supplemental Indenture dated as of July 18, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2020(58)
(d)(125)	One Hundred Twenty-Sixth Supplemental Indenture dated as of July 18, 2013, to the U.S. Bank Indenture and Form of 5.750% Prospect Capital InterNote® due 2031(58)
(d)(126)	One Hundred Twenty-Seventh Supplemental Indenture dated as of July 18, 2013, to the U.S. Bank Indenture and Form of 6.250% Prospect Capital InterNote® due 2043(58)
(d)(127)	One Hundred Twenty-Eighth Supplemental Indenture dated as of July 18, 2013, to the U.S. Bank Indenture and Form of 6.750% Prospect Capital InterNote® due 2043(58)
(d)(128)	One Hundred Twenty-Ninth Supplemental Indenture dated as of July 25, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2020(59)
(d)(129)	One Hundred Thirtieth Supplemental Indenture dated as of July 25, 2013, to the U.S. Bank Indenture and Form of 5.750% Prospect Capital InterNote® due 2031(59)
(d)(130)	One Hundred Thirty-First Supplemental Indenture dated as of July 25, 2013, to the U.S. Bank Indenture and Form of 6.250% Prospect Capital InterNote® due 2043(59)
(d)(131)	One Hundred Thirty-Second Supplemental Indenture dated as of July 25, 2013, to the U.S. Bank Indenture and Form of 6.750% Prospect Capital InterNote® due 2043(59)
(d)(132)	One Hundred Thirty-Third Supplemental Indenture dated as of August 1, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2019(60)
(d)(133)	One Hundred Thirty-Fourth Supplemental Indenture dated as of August 1, 2013, to the U.S. Bank Indenture and Form of 5.750% Prospect Capital InterNote® due 2021(60)
(d)(134)	One Hundred Thirty-Fifth Supplemental Indenture dated as of August 1, 2013, to the U.S. Bank Indenture and Form of 6.125% Prospect Capital InterNote® due 2031(60)
(d)(135)	One Hundred Thirty-Sixth Supplemental Indenture dated as of August 1, 2013, to the U.S. Bank Indenture and Form of 6.625% Prospect Capital InterNote® due 2043(60)
(d)(136)	One Hundred Thirty-Seventh Supplemental Indenture dated as of August 8, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(61)
(d)(137)	One Hundred Thirty-Eighth Supplemental Indenture dated as of August 8, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(61)

(d)(138)	One Hundred Thirty-Ninth Supplemental Indenture dated as of August 8, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2031(61)
(d)(139)	One Hundred Fortieth Supplemental Indenture dated as of August 8, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2043(61)
(d)(140)	One Hundred Forty-First Supplemental Indenture dated as of August 15, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(62)

Exhibit No.	Description
(d)(141)	One Hundred Forty-Second Supplemental Indenture dated as of August 15, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(62)
(d)(142)	One Hundred Forty-Third Supplemental Indenture dated as of August 15, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2028(62)
(d)(143)	One Hundred Forty-Fourth Supplemental Indenture dated as of August 15, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2038(62)
(d)(144)	One Hundred Forty-Fifth Supplemental Indenture dated as of August 22, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(63)
(d)(145)	One Hundred Forty-Sixth Supplemental Indenture dated as of August 22, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(63)
(d)(146)	One Hundred Forty-Seventh Supplemental Indenture dated as of August 22, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2028(63)
(d)(147)	One Hundred Forty-Eighth Supplemental Indenture dated as of August 22, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2038(63)
(d)(148)	One Hundred Forty-Ninth Supplemental Indenture dated as of September 6, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(64)
(d)(149)	One Hundred Fiftieth Supplemental Indenture dated as of September 6, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(64)
(d)(150)	One Hundred Fifty-First Supplemental Indenture dated as of September 6, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2028(64)
(d)(151)	One Hundred Fifty-Second Supplemental Indenture dated as of September 6, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2038(64)
(d)(152)	One Hundred Fifty-Third Supplemental Indenture dated as of September 12, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(65)
(d)(153)	One Hundred Fifty-Fourth Supplemental Indenture dated as of September 12, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(65)
(d)(154)	One Hundred Fifty-Fifth Supplemental Indenture dated as of September 12, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2033(65)
(d)(155)	One Hundred Fifty-Sixth Supplemental Indenture dated as of September 12, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2043(65)
(d)(156)	One Hundred Fifty-Seventh Supplemental Indenture dated as of September 19, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(66)
(d)(157)	One Hundred Fifty-Eighth Supplemental Indenture dated as of September 19, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(66)
(d)(158)	One Hundred Fifty-Ninth Supplemental Indenture dated as of September 19, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2033(66)
(d)(159)	One Hundred Sixtieth Supplemental Indenture dated as of September 19, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2043(66)
(d)(160)	One Hundred Sixty-First Supplemental Indenture dated as of September 26, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(67)
(d)(161)	One Hundred Sixty-Second Supplemental Indenture dated as of September 26, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(67)
(d)(162)	One Hundred Sixty-Third Supplemental Indenture dated as of September 26, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2033(67)
(d)(163)	One Hundred Sixty-Fourth Supplemental Indenture dated as of September 26, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2043(67)
(d)(164)	One Hundred Sixty-Fifth Supplemental Indenture dated as of October 3, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(68)

(d)(165)	One Hundred Sixty-Sixth Supplemental Indenture dated as of October 3, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(68)
(d)(166)	One Hundred Sixty-Seventh Supplemental Indenture dated as of October 3, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2033(68)
(d)(167)	One Hundred Sixty-Eighth Supplemental Indenture dated as of October 3, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2043(68)

Exhibit No.	Description
(d)(168)	One Hundred Sixty-Ninth Supplemental Indenture dated as of October 10, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(69)
(d)(169)	One Hundred Seventieth Supplemental Indenture dated as of October 10, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(69)
(d)(170)	One Hundred Seventy-First Supplemental Indenture dated as of October 10, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2033(69)
(d)(171)	One Hundred Seventy-Second Supplemental Indenture dated as of October 10, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2043(69)
(d)(172)	One Hundred Seventy-Third Supplemental Indenture dated as of October 18, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(70)
(d)(173)	One Hundred Seventy-Fourth Supplemental Indenture dated as of October 18, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(70)
(d)(174)	One Hundred Seventy-Fifth Supplemental Indenture dated as of October 18, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2033(70)
(d)(175)	One Hundred Seventy-Sixth Supplemental Indenture dated as of October 18, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2043(70)
(d)(176)	One Hundred Seventy-Seventh Supplemental Indenture dated as of October 24, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2016(71)
(d)(177)	One Hundred Seventy-Eighth Supplemental Indenture dated as of October 24, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(71)
(d)(178)	One Hundred Seventy-Ninth Supplemental Indenture dated as of October 24, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(71)
(d)(179)	One Hundred Eightieth Supplemental Indenture dated as of October 24, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2033(71)
(d)(180)	One Hundred Eighty-First Supplemental Indenture dated as of October 24, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2043(71)
(d)(181)	One Hundred Eighty-Second Supplemental Indenture dated as of October 31, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2017(72)
(d)(182)	One Hundred Eighty-Third Supplemental Indenture dated as of October 31, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(72)
(d)(183)	One Hundred Eighty-Fourth Supplemental Indenture dated as of October 31, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(72)
(d)(184)	One Hundred Eighty-Fifth Supplemental Indenture dated as of October 31, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2028(72)
(d)(185)	One Hundred Eighty-Sixth Supplemental Indenture dated as of October 31, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2038(72)
(d)(186)	One Hundred Eighty-Seventh Supplemental Indenture dated as of November 7, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2017(73)
(d)(187)	One Hundred Eighty-Eighth Supplemental Indenture dated as of November 7, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(73)
(d)(188)	One Hundred Eighty-Ninth Supplemental Indenture dated as of November 7, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(73)
(d)(189)	One Hundred Ninetieth Supplemental Indenture dated as of November 7, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2028(73)
(d)(190)	One Hundred Ninety-First Supplemental Indenture dated as of November 7, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2038(73)
(d)(191)	One Hundred Ninety-Second Supplemental Indenture dated as of November 15, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2017(74)

(d)(192)	One Hundred Ninety-Third Supplemental Indenture dated as of November 15, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(74)
(d)(193)	One Hundred Ninety-Fourth Supplemental Indenture dated as of November 15, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(74)
(d)(194)	One Hundred Ninety-Fifth Supplemental Indenture dated as of November 15, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2028(74)

Exhibit No.	Description
(d)(195)	One Hundred Ninety-Sixth Supplemental Indenture dated as of November 15, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2038(74)
(d)(196)	One Hundred Ninety-Seventh Supplemental Indenture dated as of November 21, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2017(75)
(d)(197)	One Hundred Ninety-Eighth Supplemental Indenture dated as of November 21, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(75)
(d)(198)	One Hundred Ninety-Ninth Supplemental Indenture dated as of November 21, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(75)
(d)(199)	Two Hundredth Supplemental Indenture dated as of November 21, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2028(75)
(d)(200)	Two Hundred First Supplemental Indenture dated as of November 21, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2038(75)
(d)(201)	Two Hundred Second Supplemental Indenture dated as of November 29, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2017(76)
(d)(202)	Two Hundred Third Supplemental Indenture dated as of November 29, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(76)
(d)(203)	Two Hundred Fourth Supplemental Indenture dated as of November 29, 2013, to the U.S. Bank Indenture and Form of 5.500% Prospect Capital InterNote® due 2020(76)
(d)(204)	Two Hundred Fifth Supplemental Indenture dated as of November 29, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2025(76)
(d)(205)	Two Hundred Sixth Supplemental Indenture dated as of November 29, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2038(76)
(d)(206)	Two Hundred Seventh Supplemental Indenture dated as of December 5, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2017(77)
(d)(207)	Two Hundred Eighth Supplemental Indenture dated as of December 5, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(77)
(d)(208)	Two Hundred Tenth Supplemental Indenture dated as of December 5, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2025(77)
(d)(209)	Two Hundred Eleventh Supplemental Indenture dated as of December 5, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2038(77)
(d)(210)	Two Hundred Twelfth Supplemental Indenture dated as of December 12, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2017(78)
(d)(211)	Two Hundred Thirteenth Supplemental Indenture dated as of December 12, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(78)
(d)(212)	Two Hundred Fifteenth Supplemental Indenture dated as of December 12, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2025(78)
(d)(213)	Two Hundred Sixteenth Supplemental Indenture dated as of December 12, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2038(78)
(d)(214)	Two Hundred Seventeenth Supplemental Indenture dated as of December 19, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2017(79)
(d)(215)	Two Hundred Eighteenth Supplemental Indenture dated as of December 19, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(79)
(d)(216)	Two Hundred Twentieth Supplemental Indenture dated as of December 19, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2025(79)
(d)(217)	Two Hundred Twenty-First Supplemental Indenture dated as of December 19, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2038(79)
(d)(218)	Two Hundred Twenty-Second Supplemental Indenture dated as of December 27, 2013, to the U.S. Bank Indenture and Form of 4.000% Prospect Capital InterNote® due 2017(80)

(d)(219)	Two Hundred Twenty-Third Supplemental Indenture dated as of December 27, 2013, to the U.S. Bank Indenture and Form of 5.000% Prospect Capital InterNote® due 2018(80)
(d)(220)	Two Hundred Twenty-Fifth Supplemental Indenture dated as of December 27, 2013, to the U.S. Bank Indenture and Form of 6.000% Prospect Capital InterNote® due 2025(80)
(d)(221)	Two Hundred Twenty-Sixth Supplemental Indenture dated as of December 27, 2013, to the U.S. Bank Indenture and Form of 6.500% Prospect Capital InterNote® due 2038(80)

Exhibit No.	Description
(d)(222)	Two Hundred Twenty-Seventh Supplemental Indenture dated as of January 3, 2014, to the U.S. Bank Indenture an 4.000% Prospect Capital InterNote® due 2018(81)
(d)(223)	Two Hundred Twenty-Eighth Supplemental Indenture dated as of January 3, 2014, to the U.S. Bank Indenture and 5.000% Prospect Capital InterNote® due 2019(81)
(d)(224)	Two Hundred Twenty-Ninth Supplemental Indenture dated as of January 3, 2014, to the U.S. Bank Indenture and 5.500% Prospect Capital InterNote® due 2021(81)
(d)(225)	Two Hundred Thirtieth Supplemental Indenture dated as of January 3, 2014, to the U.S. Bank Indenture and Form Prospect Capital InterNote® due 2026(81)
(d)(226)	Two Hundred Thirty-First Supplemental Indenture dated as of January 3, 2014, to the U.S. Bank Indenture and Fo 6.500% Prospect Capital InterNote® due 2039(81)
(d)(227)	Two Hundred Thirty-Second Supplemental Indenture dated as of January 9, 2014, to the U.S. Bank Indenture and 4.000% Prospect Capital InterNote® due 2018(82)
(d)(228)	Two Hundred Thirty-Third Supplemental Indenture dated as of January 9, 2014, to the U.S. Bank Indenture and F 5.000% Prospect Capital InterNote® due 2019(82)
(d)(229)	Two Hundred Thirty-Fourth Supplemental Indenture dated as of January 9, 2014, to the U.S. Bank Indenture and 5.500% Prospect Capital InterNote® due 2021(82)
(d)(230)	Two Hundred Thirty-Fifth Supplemental Indenture dated as of January 9, 2014, to the U.S. Bank Indenture and Fo 6.000% Prospect Capital InterNote® due 2026(82)
(d)(231)	Two Hundred Thirty-Sixth Supplemental Indenture dated as of January 9, 2014, to the U.S. Bank Indenture and Fo 6.500% Prospect Capital InterNote® due 2039(82)
(d)(232)	Two Hundred Thirty-Seventh Supplemental Indenture dated as of January 16, 2014, to the U.S. Bank Indenture an 4.000% Prospect Capital InterNote® due 2018(83)
(d)(233)	Two Hundred Thirty-Eighth Supplemental Indenture dated as of January 16, 2014, to the U.S. Bank Indenture and 5.000% Prospect Capital InterNote® due 2019(83)
(d)(234)	Two Hundred Thirty-Ninth Supplemental Indenture dated as of January 16, 2014, to the U.S. Bank Indenture and 5.500% Prospect Capital InterNote® due 2021(83)
(d)(235)	Two Hundred Fortieth Supplemental Indenture dated as of January 16, 2014, to the U.S. Bank Indenture and Form 6.000% Prospect Capital InterNote® due 2026(83)
(d)(236)	Two Hundred Forty-First Supplemental Indenture dated as of January 16, 2014, to the U.S. Bank Indenture and Fo 6.500% Prospect Capital InterNote® due 2039(83)
(d)(237)	Two Hundred Forty-Second Supplemental Indenture dated as of January 24, 2014, to the U.S. Bank Indenture and 4.000% Prospect Capital InterNote® due 2018(84)
(d)(238)	Two Hundred Forty-Third Supplemental Indenture dated as of January 24, 2014, to the U.S. Bank Indenture and F 5.000% Prospect Capital InterNote® due 2019(84)
(d)(239)	Two Hundred Forty-Fourth Supplemental Indenture dated as of January 24, 2014, to the U.S. Bank Indenture and 5.500% Prospect Capital InterNote® due 2021(84)
(d)(240)	Two Hundred Forty-Fifth Supplemental Indenture dated as of January 24, 2014, to the U.S. Bank Indenture and Fo 6.000% Prospect Capital InterNote® due 2026(84)
(d)(241)	Two Hundred Forty-Sixth Supplemental Indenture dated as of January 24, 2014, to the U.S. Bank Indenture and F 6.500% Prospect Capital InterNote® due 2039(84)
(d)(242)	Two Hundred Forty-Seventh Supplemental Indenture dated as of January 30, 2014, to the U.S. Bank Indenture and 4.000% Prospect Capital InterNote® due 2018(85)
(d)(243)	Two Hundred Forty-Eighth Supplemental Indenture dated as of January 30, 2014, to the U.S. Bank Indenture and 5.000% Prospect Capital InterNote® due 2019(85)
(d)(244)	Two Hundred Forty-Ninth Supplemental Indenture dated as of January 30, 2014, to the U.S. Bank Indenture and F 5.500% Prospect Capital InterNote® due 2021(85)
(d)(245)	Two Hundred Fiftieth Supplemental Indenture dated as of January 30, 2014, to the U.S. Bank Indenture and Form Prospect Capital InterNote® due 2026(85)

(d)(246) Two Hundred Fifty-First Supplemental Indenture dated as of January 30, 2014, to the U.S. Bank Indenture and Fo 6.500% Prospect Capital InterNote® due 2039(85)

(d)(247) Two Hundred Fifty-Second Supplemental Indenture dated as of February 6, 2014, to the U.S. Bank Indenture and 4.000% Prospect Capital InterNote® due 2018(86)

(d)(248) **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements that are based on our management's beliefs and assumptions information currently available to us. The forward-looking statements are contained principally in, but not limited sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Co Results of Operations" and "Business." These statements relate to future events or to our future financial performa involve known and unknown risks, uncertainties, and other factors that may cause our or our industry's actual resu of activity, performance or achievements to be materially different from any future results, levels of activity, perfo achievements expressed or implied by these forward-looking statements. Forward-looking statements include, but limited to, statements about:

- Our ability to continue as a going concern;
- our ability to achieve sufficient market acceptance of any of our products or product candidates;
- our perception of the growth in the size of the potential market for our products and product candidates;
- our estimate of the advantages of our products;
- our ability to become a profitable company;
- our estimates regarding our needs for additional financing and our ability to obtain such additional financing on s terms;
- our ability to succeed in obtaining FDA clearance or approvals for our product candidates;
- the timing, costs and other limitations involved in obtaining regulatory clearance or approval for any of our prod candidates and, thereafter, continued compliance with governmental regulation of our existing products and activ
- our ability to protect our intellectual property and operate our business without infringing upon the intellectual pr rights of others;
- our ability to obtain sufficient quantities and satisfactory quality of raw materials to meet our manufacturing nee

- our ability to secure manufacturing capacity to meet future demand;

- the timing of and our ability to conduct clinical trials;

- our ability to perform under our government contracts and accurately estimate our fixed costs under such contrac

- our ability to attract and retain a qualified management team, research team, scientific advisors and other qualifie personnel; and

- our liquidity.

In some cases, you can identify forward-looking statements by terms such as “may,” “could,” “will,” “should,” “w “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “project” or “continue” or the negative of thes terminology. These statements are only predictions. You should not place undue reliance on forward-looking state because they involve known and unknown risks, uncertainties and other factors, which are, in some cases, beyond control and which could materially affect results. Factors that may cause actual results to differ materially from cu expectations include, among other things, those listed under the heading “Risk Factors” and elsewhere in this pros or more of these risks or uncertainties occur, or if our underlying assumptions prove to be incorrect, actual events may vary significantly from those implied or projected by the forward-looking statements.

Any forward-looking statement in this prospectus reflects our current views with respect to future events and is su these and other risks, uncertainties and assumptions relating to our operations, results of operations, industry and f growth. Except as required by law, we assume no obligation to publicly update or revise any forward-looking state contained in this prospectus, whether as a result of new information, future events or otherwise. The Private Secur Litigation Reform Act of 1995 and Section 27A of the Securities Act of 1933 do not protect any forward-looking s that we make in connection with this offering.

USE OF PROCEEDS

(as of September 29, 2017)

We estimate the net proceeds from this offering will be approximately $5.3 million, from the sale of our securities offering, based on the offering price of $1.10 per unit and assuming the sale of 5,454,546 units and no sale of any units in this offering, after deducting estimated placement agent's fees and expenses and our estimated offering ex do not intend to pay any proceeds of this offering to any of our affiliates. The public offering price per unit and pre unit will be determined between us and the placement agent based on market conditions at the time of pricing, and a discount to the current market price of our common stock. This estimate excludes the proceeds, if any, from the e common warrants in this offering. If all of the common warrants sold in this offering were to be exercised in cash exercise price of $1.10 per share, we would receive additional net proceeds of approximately $6.0 million. We can when or if these common warrants will be exercised. It is possible that these common warrants may expire and ma exercised. We intend to use the net proceeds of this offering to continue the clinical development of our product ca and for working capital and other general corporate purposes. We cannot state with specificity the amount of funds which will be utilized for clinical development. The cost of completing an efficacy trial for our device is almost en function of the number of patients and sites the FDA decides is necessary for our device. We do not expect to rece guidance from the FDA for a number of months. Should the FDA decide to approve our device for certain highly v viruses for which clinical trials cannot be conducted, then we will not incur clinical trial costs related to those indic

Pending these uses, we intend to invest the net proceeds of this offering primarily in investment grade, interest-bea instruments. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net we will have upon completion of the offering. Accordingly, we will retain broad discretion over the use of these pr

The securities purchase agreement being entered into with certain purchasers in this offering limit our ability to rai both (i) for 90 days whatsoever, and (ii) for so long as warrants issued hereunder are outstanding, in any sort of va priced financing. Even without receipt of proceeds from this offering, we have sufficient cash to operate for the ne and we do not intend to enter into any sort of variable priced financing in the future due to the highly dilutive natu financings. Because we do not intend to enter into any variable priced financings, we would not forsee a need for a or reverse split of our stock in the next 12 months.

Pending these uses, we intend to invest the net proceeds of this offering primarily in investment grade, interest-bea instruments. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net we will have upon completion of the offering. Accordingly, we will retain broad discretion over the use of these pr

If our gross proceeds from this offering is less than $6 million, we will need to raise additional capital from other sources.The securities purchase agreement being entered into with certain purchasers in this offering limit our abil

capital both (i) for 90 days whatsoever, and (ii) for so long as warrants issued hereunder are outstanding, in any so
variable priced financing. Even without receipt of proceeds from this offering, we have sufficient cash to operate f
90 days, and we do not intend to enter into any sort of variable priced financing in the future due to the highly dilu
of those financings. Because we do not intend to enter into any variable priced financings, we would not forsee a r
forward or reverse split of our stock in the next 12 months.

MARKET PRICE FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND IS PURCHASES OF EQUITY SECURITIES

MARKET PRICE FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is quoted on the Nasdaq Capital Market under the trading symbol "AEMD." Trading in our co stock historically has been volatile and often has been thin. On July 7, 2015, The NASDAQ Stock Market LLC ap application for listing our common stock on the Nasdaq Capital Market under the symbol "AEMD," and we comm trading on the Nasdaq Capital Market on July 13, 2015. Previously, our common stock was quoted on the OTCQB Marketplace under the trading symbol "AEMD."

The following table sets forth for the calendar periods indicated the quarterly high and low closing or bid, as appli prices for our common stock as reported by the Nasdaq Capital Market and/or the OTCQB Marketplace. The price quotations between dealers, without adjustment for retail markup, mark down or commission, and do not necessari represent actual transactions.

	CLOSING/BID PRICE	
PERIOD	HIGH	LOW
Calendar 2018:		
First Quarter	$1.90	$1.13
Second Quarter	1.55	1.21
Third Quarter	1.379	0.9335
Calendar 2017:		
Fourth Quarter	$1.45	$0.80
Third Quarter	2.70	1.14
Second Quarter	3.03	1.60
First Quarter	4.75	3.19
Calendar 2016:		
Fourth Quarter	$5.14	$4.11
Third Quarter	7.70	4.77
Second Quarter	6.14	4.70

First Quarter	7.01	4.34

There were approximately 89 record holders of our common stock at November 26, 2018. The number of registere
stockholders includes any beneficial owners of common shares held in street name.

The transfer agent and registrar for our common stock is Computershare Investor Services, located at 350 Indiana
Suite 800, Golden, Colorado 80401.

We have not paid any dividends on our common stock to date and do not anticipate that we will pay dividends in t
foreseeable future. Any payment of cash dividends on our common stock in the future will be dependent upon the
funds legally available, our earnings, if any, our financial condition, our anticipated capital requirements and other
that the board of directors may think are relevant. However, we currently intend for the foreseeable future to follo
of retaining all of our earnings, if any, to finance the development and expansion of our business and, therefore, do
expect to pay any dividends on our common stock in the foreseeable future.

Recent Sales of Unregistered Securities

We have sold or issued the following equity securities not registered under the Securities Act of 1933, or Securitie
reliance upon the exemption from registration pursuant to Section 4(a)(2) of the Securities Act or Regulation D of
Securities Act during the fiscal year ended March 31, 2018 and subsequent thereto through the date of filing this re
Except as stated below, no underwriting discounts or commissions were payable with respect to any of the followi
transactions.

Aethlon Medical, Inc. Equity Transactions in the Fiscal Year Ended March 31, 2018.

Common Stock Sales Agreement with H.C. Wainwright

On June 28, 2016, we entered into a Common Stock Sales Agreement (the "Agreement") with H.C. Wainwright &
("H.C. Wainwright") which establishes an at-the-market equity program pursuant to which we may offer and sell s
common stock from time to time as set forth in the Agreement. The Agreement provides for the sale of shares of o
common stock having an aggregate offering price of up to $12,500,000 (the "Shares").

Subject to the terms and conditions set forth in the Agreement, H.C. Wainwright will use its commercially reasona
consistent with its normal trading and sales practices to sell the Shares from time to time, based upon our instructio
have provided H.C. Wainwright with customary indemnification rights, and H.C. Wainwright will be entitled to a
commission at a fixed rate equal to three percent (3.0%) of the gross proceeds per Share sold. In addition, we have
pay certain expenses incurred by H.C. Wainwright in connection with the Agreement, including up to $50,000 of t
and disbursements of their counsel. The Agreement will terminate upon the sale of all of the Shares under the Agre
unless terminated earlier by either party as permitted under the Agreement.

Sales of the Shares, if any, under the Agreement shall be made in transactions that are deemed to be "at the market
as defined in Rule 415 under the Securities Act, including sales made by means of ordinary brokers' transactions,
on the Nasdaq Capital Market, at market prices or as otherwise agreed with H.C. Wainwright. We have no obligati
any of the Shares, and, at any time, we may suspend offers under the Agreement or terminate the Agreement.

In the fiscal year ended March 31, 2018, we raised aggregate net proceeds of $2,104,968 (net of $65,280 in comm
H.C. Wainwright and $5,748 in other offering expenses) under this agreement through the sale of 941,504 shares a
average price of $2.24 per share of net proceeds.

October 2017 Public Offering

On October 4, 2017, we consummated a public offering of 5,454,546 shares of common stock and warrants to purc
5,454,546 shares of common stock, for total gross proceeds of $6.0 million. The offering was priced at $1.10 per u
each unit comprised of one share of common stock and one common stock purchase warrant. Neither the warrants
units are listed on an exchange and therefore do not trade. The warrants carry a five-year term with an exercise pri
$1.10 per share. The net proceeds of the offering were $5,289,735. H.C. Wainwright & Co. acted as exclusive plac
agent for the offering.

Warrant Exercises

In fiscal year ended March 31, 2018, investors that participated in the October 2017 Public Offering exercised 2,16
warrants for aggregate cash proceeds to us of $2,160,350 before expenses.

Restricted Shares Issued for Services

During the nine months ended December 31, 2017, we issued 15,000 shares of restricted common stock at a price
per share, the market price at time of issuance, in payment for investor relations consulting services valued at $33,
on the grant date closing market price of our common stock.

Share for Warrant Exchanges

During the fiscal year ended March 31, 2018, we agreed with two individual investors to exchange 11,497 restricte for the cancellation of 22,993 warrants and we entered into an Exchange Agreement with two institutional investo which we issued 57,844 restricted shares in exchange for the cancellation of 77,125 warrants held by those investo also agreed with those institutional investors that they would extend the expiration dates of convertible notes held investors from July 1, 2018 to July 1, 2019 in exchange for the reduction of the conversion price of those notes fro per share to $3.00 per share.

Additionally, we entered into an agreement with a former placement agent to issue 5,500 restricted shares in excha the cancellation of 11,000 warrants held by that placement agent. We measured the fair value of the shares issued value of the warrants exchanged for those shares and recorded losses for each of those exchanges based on the cha fair value between the instruments exchanged. Based upon the fair value of the shares issued and warrants exchang recorded a loss of $130,215 during the fiscal year ended March 31, 2018 for all of the above share for warrant exc

Stock Option Issuances

During the fiscal year ended March 31, 2018, we issued options to four of our employees to purchase 34,500 share common stock at an exercise price of $1.68 per share, the closing price on the date of the approval of the option gr our compensation committee.

Termination of Restricted Share Grant

During the fiscal year ended March 31, 2018, we terminated a previously recorded but unissued share issuance of shares under a fully vested restricted stock grant to our CEO and issued to him 32,674 shares as a net settlement of and the Company paid the withholding taxes associated with that share issuance in return for the cancellation of 3 shares. The compensation cost of that restricted stock grant had been fully recorded during prior fiscal years, there expense was recorded regarding this net issuance.

Restricted Stock Unit Grants to Directors and Executive Officers

On August 9, 2016, our Board of Directors granted RSUs to certain of our officers and directors and during the fis ended March 31, 2018, 168,309 additional RSUs were granted to our directors pursuant to the 2012 Non-Employe Compensation Program. The RSUs represent the right to be issued on a future date shares of our common stock fo RSUs.

During the fiscal year ended March 31, 2018, 184,500 vested RSUs held by our executives were exchanged into th number of shares of our common stock. As our executives elected to net settle a portion of their RSU's in exchang Company paying the related withholding taxes on the share issuance, 97,238 of the RSUs were cancelled and we i 87,262 shares to our executives (see Note 9).

During the fiscal year ended March 31, 2018, 168,309 RSUs held by our outside directors were exchanged into the number of shares of our common stock. As three of our four outside directors elected to return 40% of their RSUs exchange for cash in order to pay their withholding taxes on the share issuances, 44,983 of the RSUs were cancelle paid $52,998 in cash to those outside directors.

On June 14, 2018, our Board approved the issuances of additional RSUs of $35,000 in value to each of our indepe directors per the 2012 Non-Employee Directors Compensation Program (the "2012 Program") as the stock-based compensation element of their overall directors' compensation for the fiscal year ending March 31, 2019. The Boa approved the issuance of $50,000 of RSUs to a prospective director, if he chose to join our Board again per the 20 Program. Finally, the Board approved the issuance of $30,000 of RSU's to our Chief Financial Officer. The Board called for all of those RSUs to be priced based on the five day trailing averages of our closing stock price leading u acceptance of the Board seat by the prospective director, which occurred on June 19, 2018. That average price was share for the RSU calculations. Therefore, a total of 107,196 RSUs were issued to our existing independent directo RSUs were issued to Mr. Cipriani and 22,971 RSUs were issued to our Chief Financial Officer. All of those RSUs ratably on September 30, 2018, December 31, 2018 and March 31, 2019.

The above noted RSUs were granted under our Amended 2010 Stock Incentive Plan and we recorded expense of $
the six months ended September 30, 2018 related to the RSU grants.

RSUs outstanding that have vested and are expected to vest as of September 30, 2018 are as follows:

	Number of RSUs
Vested	46,125
Expected to vest	342,926
Total	389,051

During the six months ended September 30, 2018, 148,401 RSUs held by our executives and directors were excha
the same number of shares of our common stock. As our executives and certain of our directors elected to net settl
of their RSU's in exchange for the Company paying the related withholding taxes (or in the case of directors issui
equivalent of the estimated withholding taxes) on the share issuance, 68,352 of the RSUs were cancelled and we is
80,049 shares to our executives.

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EQUITY COMPENSATION PLANS

SUMMARY EQUITY COMPENSATION PLAN DATA

Equity Compensation Plans

Summary equity compensation plan data

The following table sets forth information, as of March 31, 2018, about our equity compensation plans (including t
potential effect of debt instruments convertible into common stock) in effect as of that date:

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)(2)	(b) Weighted-average exercise price of outstanding options	(c) Numb securi remai availa for fu issuan under compe plans (exclu securi reflec colum (a))
Equity compensation plans approved by security holders (3)(4)(5)	396,000	$ 1.68	2,27
Equity compensation plans not approved by security holders (1)(3)(4)	295,470	$ 10.07	9,80
Totals	691,470	$ 10.07	2,28

(1) The description of the material terms of non-plan issuances of equity instruments is discussed in Note 5 to the accompanying consolidated financial statements.

(2) Net of equity instruments forfeited, exercised or expired.

(3) Includes restricted stock unit grants to our officers and directors in August 2016, and to our directors during the year ended March 31, 2018.

(4) On March 31, 2018 we had 2,272,393 shares available under our 2010 Stock Incentive Plan.

(5) 3,000,000 share increase to the 2010 Stock Incentive Plan approved by shareholders.

2000 Stock Option Plan

Our 2000 Stock Option Plan provides for the grant of incentive stock options to our full-time employees (who may directors) and nonstatutory stock options to non-employee directors, consultants, customers, vendors or providers significant services. The exercise price of any incentive stock option may not be less than the fair market value of common stock on the date of grant or, in the case of an optionee who owns more than 10% of the total combined v power of all classes of our outstanding stock, not be less than 110% of the fair market value on the date of grant. T exercise price, in the case of any nonstatutory stock option, must not be less than 75% of the fair market value of t common stock on the date of grant. The amount reserved under the 2000 Stock Option Plan is 10,000 options.

At March 31, 2018, all of the grants previously made under the 2000 Stock Option Plan had expired and 200 comm had been issued under the plan, with 9,800 available for future issuance.

2010 Stock Incentive Plan

In August 2010, we adopted the 2010 Stock Incentive Plan, which provides incentives to attract, retain and motiva employees and directors whose present and potential contributions are important to our success by offering them a opportunity to participate in our future performance through awards of options, the right to purchase common stoc bonuses and stock appreciation rights and other awards. We initially reserved a total of 70,000 common shares for under the 2010 Stock Incentive Plan.

In August 2010, we filed a registration statement on Form S-8 for the purpose of registering 70,000 common share under this plan under the Securities Act, and in July 2012, we filed a registration statement on Form S-8 for the pu registering 100,000 common shares issuable under this plan under the Securities Act.

On January 26, 2016, our Board of Directors approved an amendment to the 2010 Stock Incentive Plan to increase number of shares of common stock reserved for issuance under the plan to 3,170,000 shares, subject to amendmen Articles of Incorporation to increase our authorized common stock. On March 29, 2016, we held an annual stockh meeting, at which our stockholders approved the Amended 2010 Stock Incentive Plan and an amendment of our A Incorporation to increase our authorized common stock to 30,000,000 shares. On March 31, 2016, we filed a Certi Amendment to our Articles of Incorporation to effect the increase in our authorized common stock. As a result of amendment, the Amended 2010 Stock Incentive Plan became effective on March 31, 2016.

At March 31, 2018, we had 2,272,393 shares available under this plan.

2012 Directors Compensation Program

In July 2012, our Board of Directors approved a board compensation program that modified and superseded the 20
Directors Compensation Program, which was previously in effect. Under the 2012 program, in which only non-em
directors may participate, an eligible director will receive a grant of $35,000 worth of ten-year options to acquire s
common stock, with such grant being valued at the exercise price based on the average of the closing bid prices of
common stock for the five trading days preceding the first day of the fiscal year. In addition, under this program, e
directors will receive cash compensation equal to $500 for each committee meeting attended and $1,000 for each f
board meeting attended.

On June 6, 2014, our Board of Directors approved certain changes to the 2012 program. Under this modified progr
eligible director will receive an initial grant of $50,000 worth of options to acquire shares of common stock, with s
being valued at the exercise price based on the average of the closing bid prices of the common stock for the five t
days preceding the first day of the fiscal year. These options will have a term of ten years and will vest 1/3 upon gr
1/3 upon each of the first two anniversaries of the date of grant. In addition, at the beginning of each fiscal year, ea
existing director eligible to participate in the modified 2012 program also will receive a grant of $35,000 worth of
valued at the exercise price based on the average of the closing bid prices of the common stock for the five trading
preceding the first day of the fiscal year. Such options will vest on the first anniversary of the date of grant. In lieu
meeting fees, eligible directors will receive an annual board retainer fee of $30,000. The modified 2012 program a
provides for the following annual retainer fees: Audit Committee Chair - $5,000, Compensation Committee chair -
Nominating Committee Chair - $5,000, Audit Committee member - $4,000, Compensation Committee member - $
Nominating Committee member $4,000 and lead independent director - $15,000.

On August 9, 2016, the Board approved further modifications to the program. Under the modified 2012 Program, i only non-employee directors may participate, a new eligible director will receive an initial grant of $50,000 worth or, at the discretion of the Board, options to acquire shares of Common Stock. RSUs granted under this provision v valued based on the average of the closing prices of the Common Stock for the five trading days preceding and inc date of grant and will vest at a rate determined by the Board in its discretion. Options granted under this provision valued at the exercise price, which will be based on the average of the closing prices of the Common Stock for the trading days preceding and including the date of grant. Such options will have a term of ten years and will vest at a determined by the Board in its discretion.

At the beginning of each fiscal year, each existing director eligible to participate in the 2012 Program will receive $35,000 worth of RSUs or, at the discretion of the Board, options to acquire shares of Common Stock. RSUs grant this provision will be valued based on the average of the closing prices of the Common Stock for the five trading d preceding and including the first day of the fiscal year (or preceding and including the date of grant, if such grant i on the first day of the fiscal year) and will vest at a rate determined by the Board in its discretion. Options granted provision will be valued at the exercise price, which will be based on the average of the closing prices of the Comm for the five trading days preceding and including the first day of the fiscal year (or preceding and including the dat if such grant is not made on the first day of the fiscal year). Such options will have a term of ten years and will ves determined by the Board in its discretion.

The RSU grants and the changes to the 2012 Program were approved and recommended by our Compensation Co prior to approval by the Board.

Dr. Fisher will be compensated $90,000 per year for his services as Chairman of the Board, which the Company's considers to be fees payable as a member of the Board or a Committee of the Board for purposes of Section 10A-3 rules promulgated under the Securities Exchange Act of 1934, as amended. To the extent payment of such fees are to not be fees payable as a member of the Board or a Committee of the Board, then the Board considers that Dr. Fi act as a member of its Audit Committee under Nasdaq Rule 5605(c)(2)(B) as the Board has determined that it is in interests of the Company and its stockholders for Dr. Fisher to continue to serve on its Audit Committee.

Stand-alone grants

From time to time our Board of Directors grants common stock or common share purchase options or warrants to directors, officers, employees and consultants as equity compensation to such persons on a stand-alone basis outsi of our formal stock plans. The terms of these grants are individually negotiated. There were no stock option grants stand-alone basis to either employees or directors during the fiscal years ended March 31, 2018 and March 31, 201

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CAPITALIZATION

(as of September 29, 2017)

The following table sets forth our cash and cash equivalents and our capitalization as of June 30, 2017:

- on an actual basis; and
- on an as adjusted basis, based upon the offering price of $1.10 per share of common stock and corresponding wa give effect to the sale of 5,454,546 shares of common stock in this offering, after deducting the estimated placem discounts and commissions and estimated offering expenses payable by us.

Based on the offering price of $1.10 per share and associated warrant. The as adjusted information below is only f illustrative purposes. You should read this table in conjunction with “Use of Proceeds” above as well as our “Mana Discussion and Analysis of Financial Condition and Results of Operations” and financial statements and the relate appearing elsewhere in this prospectus.

	June 30, 2017	
	Unaudited Actual	Unaudited As Adjusted
	(in thousands except share amounts)	
Assets:		
Cash & Cash Equivalents	$327,206	$5,657,206
Liabilities:		
Total Liabilities	$1,459,216	$1,459,216
Stockholders’ Equity:		
Common Stock, par value of $0.001	$8,869	$14,324
Additional Paid-in-capital	94,745,740	100,070,285
Retained Earnings (Deficit)	(95,619,939)	(95,619,939)

Total Stockholders' Equity Before Noncontrolling Interests	$(865,330)	$4,464,670

The total number of shares of our common stock outstanding in the table above is based on 8,869,571 shares outst
of June 30, 2017, and excludes as of that date, the following:

(1) The number of shares of our common stock outstanding prior to and to be outstanding immediately after this of set forth in the above table, is based on 8,869,571 shares of our common stock outstanding as of June 30, 2017 excludes as of that date:

- 466,547 shares of common stock issuable upon exercise of outstanding stock options under our stock incentive p weighted average exercise price of $10.30 per share;
- 2,475,737 additional shares of common stock reserved for issuance under outstanding warrants with a weighted a exercise price of $3.53 per share;
- 507,375 additional shares of common stock reserved for future issuance under our stock incentive plans;
- 443,644 additional shares of common stock issuable under convertible notes, which includes accrued interest thr 30, 2017;
- shares of common stock issuable upon exercise of the warrants offered hereby; and
- shares of common stock issuable upon exercise of warrants to be issued to the placement agent in connection wit offering.

DIVIDEND POLICY

We have not paid any dividends on our common stock to date and do not anticipate that we will pay dividends in t foreseeable future. Any payment of cash dividends on our common stock in the future will be dependent upon the funds legally available, our earnings, if any, our financial condition, our anticipated capital requirements and other that the board of directors may think are relevant. However, we currently intend for the foreseeable future to follow of retaining all of our earnings, if any, to finance the development and expansion of our business and, therefore, do expect to pay any dividends on our common stock in the foreseeable future.

DILUTION

(as of September 29, 2017)

If you purchase shares of our securities in this offering, you will experience dilution to the extent of the difference
the price per share you pay in this offering and the net tangible book value per share of our common stock immedi
this offering, assuming no value is attributed to the warrants and such warrants are accounted for and classified as
Our net tangible book value as of June 30, 2017 was approximately $(1,033,000), or approximately $(0.12) per sha
tangible book value per share represents our total tangible assets less total tangible liabilities, divided by the numb
shares of common stock outstanding as of June 30, 2017.

After giving effect to the sale by us of 5,454,546 shares of our common stock and warrants to purchase 5,454,546 our common stock in this offering at the combined public offering price of $1.10 per share of our common stock a warrant, and after deducting the estimated placement agent fees and estimated offering expenses payable by us, ou adjusted net tangible book value as of June 30, 2017 would have been approximately $4.3 million, or approximate per share of common stock. This represents an immediate increase in net tangible book value of approximately $0. share to existing shareholders and an immediate dilution of approximately $0.80 per share to new investors, attribu of the combined public offering price to the warrants offered hereby. The following table illustrates this per share

Combined public offering price per share and related warrant	
Net tangible book value per share as of June 30, 2017	$(0.12)
Increase in net tangible book value per share attributable to new investors	$0.42
As adjusted net tangible book value per share as of June 30, 2017, after giving effect to this offering	
Dilution per share to new investors in the offering	

This table does not take into account further dilution to new investors that could occur upon the exercise of outstar options and warrants, including the warrants offered in this offering, having a per share exercise price less than the offering price per share in this offering.

(1) The number of shares of our common stock outstanding prior to and to be outstanding immediately after th as set forth in the above table, is based on 8,951,081 shares of our common stock outstanding as of September 7, 2 excludes as of that date:

- 466,547 shares of common stock issuable upon exercise of outstanding stock options under our stock incentive p weighted average exercise price of $10.30 per share;
- 2,464,739 additional shares of common stock reserved for issuance under outstanding warrants with a weighted a exercise price of $3.48 per share;
- 507,375 additional shares of common stock reserved for future issuance under our stock incentive plans;
- 451,786 additional shares of common stock issuable under convertible notes, which includes accrued interest thr September 8, 2017;
- shares of common stock issuable upon exercise of the warrants offered hereby; and

shares of common stock issuable upon exercise of warrants to be issued to the placement agent in connection wit
offering.

AETHLON MEDICAL, INC. AND SUBSIDIARY

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

F-1

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Aethlon Medical, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Aethlon Medical, Inc. and its subsidiary (the C
as of March 31, 2018 and 2017, the related consolidated statements of operations, equity and cash flows for the ye
ended, and the related notes to the consolidated financial statements (collectively, the financial statements). In our
the financial statements present fairly, in all material respects, the financial position of the Company as of March 3
and 2017, and the results of its operations and its cash flows for the years then ended, in conformity with accountin
principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express a
on the Company's financial statements based on our audits. We are a public accounting firm registered with the Pu
Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect
Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities
Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan an
the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, v
due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its interna
over financial reporting. As part of our audits we are required to obtain an understanding of internal control over fi
reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control o
financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements,
due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining,
basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluat
accounting principles used and significant estimates made by management, as well as evaluating the overall presen
the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Squar Milner LLP

We have served as the Company's auditor since 2001.

San Diego, California

June 8, 2018

AETHLON MEDICAL, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

	March 31, 2018	Mar 201
ASSETS		
CURRENT ASSETS		
Cash	$6,974,070	$1,3
Accounts receivable	74,813	–
Prepaid expenses and other current assets	181,367	37
TOTAL CURRENT ASSETS	7,230,250	1,3
Property and equipment, net	27,552	29
Patents, net	75,832	84
Deposits	18,270	14
TOTAL ASSETS	$7,351,904	$1,7
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	$124,450	$48
Due to related parties	90,366	57
Other current liabilities	263,141	69
TOTAL CURRENT LIABILITIES	477,957	61
Convertible notes payable, net	841,153	51
TOTAL LIABILITIES	1,319,110	1,
COMMITMENTS AND CONTINGENCIES (Note 12)		
STOCKHOLDERS' EQUITY		
Common stock, $0.001 par value, 30,000,000 shares authorized at March 31, 2018 and 2017; 17,739,511 and 8,797,086 issued and outstanding at March 31, 2018 and 2017, respectively	17,740	8,7
Additional paid-in capital	105,574,014	94
Accumulated deficit	(99,457,714)	(9
TOTAL AETHLON MEDICAL, INC. STOCKHOLDERS' EQUITY BEFORE NONCONTROLLING INTERESTS	6,134,040	67

NONCONTROLLING INTERESTS	(101,246)	(8
TOTAL STOCKHOLDERS' EQUITY	6,032,794	59
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$7,351,904	$1,

See accompanying notes to the consolidated financial statements.

AETHLON MEDICAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended March 31,	
	2018	2017
REVENUES:		
Government contract revenue	$149,625	$392,073
Total revenues	149,625	392,073
OPERATING COSTS AND EXPENSES		
Professional fees	1,553,204	2,161,592
Payroll and related expenses	2,634,937	3,479,347
General and administrative	792,600	849,491
Total operating expenses	4,980,741	6,490,430
OPERATING LOSS	(4,831,116)	(6,098,357)
OTHER EXPENSE		
Loss on debt extinguishment	376,909	558,198
Warrant repricing expense	–	345,841
Loss on share for warrant exchanges	130,215	–
Interest and other expenses	361,597	304,330
Total other expense	868,721	1,208,369
NET LOSS BEFORE NONCONTROLLING INTERESTS	(5,699,837)	(7,306,726)
LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(20,279)	(30,613)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	$(5,679,558)	$(7,276,113)
Basic and diluted net loss per share available to common stockholders	$(0.46)	$(0.94)
Weighted average number of common shares outstanding - basic and diluted	12,317,074	7,764,237

See accompanying notes to the consolidated financial statements.

AETHLON MEDICAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF EQUITY

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	ATTRIBUTABLE TO AETHLON MEDICAL, INC.					
	COMMON STOCK		ADDITIONAL PAID IN	ACCUMULATED	NON-CONTROLLING	TO
	SHARES	AMOUNT	CAPITAL	DEFICIT	INTERESTS	EQ
BALANCE - MARCH 31, 2016	7,622,393	$ 7,621	$ 88,047,142	$ (86,502,043)	$ (50,354)	$ 1
Issuances of common stock for cash under at the market program	216,078	216	954,889	–	–	9
Issuances of common stock and warrants under registered direct financing	773,000	773	1,803,477	–	–	1
Issuances of common stock under conversions of convertible notes and related accrued interest	33,091	33	144,686	–	–	1
Warrant repricing expense	–	–	345,841	–	–	3
Loss on debt extinguishment	–	–	558,198	–	–	5
Debt discount on convertible notes payable	–	–	783,868	–	–	7
Issuance of common shares for repurchase of restricted stock units.	149,864	150	(378,668)	–	–	(
Exercise of cashless warrants	2,660	3	(3)	–	–	–
Stock-based compensation expense	–	–	2,186,309	–	–	2
Net loss	–	–	–	(7,276,113)	(30,613)	(

BALANCE - MARCH 31, 2017	8,797,086	$ 8,796	$ 94,445,739	$ (93,778,156)	$ (80,967)	$5
Issuances of common stock for cash under at the market program	941,504	941	2,104,027	–	–	2
Issuances of common stock for cash under warrant exercises	2,160,350	2,160	2,231,642	–	–	2
Issuances of common stock under conversions of convertible notes and related accrued interest	120,922	121	362,642	–	–	3
Issuance of common stock in public offering	5,454,546	5,455	5,284,280	–	–	5
Issuance of common shares for repurchase of restricted stock units.	175,262	175	(278,808)	–	–	(
Common stock issued for services	15,000	15	33,585	–	–	3
Issuance of common shares pursuant to warrant exchanges	74,841	77	130,138	–	–	1
Stock-based compensation expense	–	–	1,260,769	–	–	1
Net loss	–	–	–	(5,679,558)	(20,279)	(
BALANCE - MARCH 31, 2018	17,739,511	$ 17,740	$ 105,574,014	$ (99,457,714)	$ (101,246)	$6

See accompanying notes to the consolidated financial statements.

AETHLON MEDICAL, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Net loss	$(5,699,837)	$(7,306,726)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	35,658	32,413
Warrant repricing expense	–	345,841
Loss on share for warrant exchanges	130,215	–
Loss on debt extinguishment	376,909	558,198
Stock based compensation	1,260,769	2,186,309
Amortization of debt discount and deferred financing costs	245,663	220,439
Fair market value of common stock issued for services	33,600	–
Changes in operating assets and liabilities:		
Accounts receivable	(74,813)	199,471
Prepaid expenses and other current assets	(143,816)	15,743
Other assets	(3,374)	7,518
Accounts payable and other current liabilities	(104,154)	322,140
Due to related parties	32,500	(87,246)
Net cash used in operating activities	(3,910,680)	(3,505,900)
Cash flows from investing activities:		
Purchases of property and equipment	(24,823)	(16,433)
Net cash used in investing activities	(24,823)	(16,433)
Cash flows from financing activities:		
Cash paid for repurchase of restricted stock units	(278,633)	(378,518)
Proceeds from the issuance of convertible notes payable	–	577,460
Net proceeds from the issuance of common stock and warrants	9,628,505	2,759,355
Net cash provided by financing activities	9,349,872	2,958,297
Net increase (decrease) in cash	5,414,369	(564,036)
Cash at beginning of year	1,559,701	2,123,737
Cash at end of year	$6,974,070	$1,559,701
Supplemental information of non-cash investing and financing activities:		
Conversion of debt, accrued liabilities and accrued interest to common stock	$362,763	$144,719
Reclassification of accrued interest to convertible notes payable	$–	$85,031

Issuance of shares for warrants	$–	$198
Issuance of shares under vested restricted stock units	$211	$150
Issuance of shares under cashless warrant exercises	$–	$3
Debt discount on convertible notes payable	$–	$783,868

See accompanying notes to the consolidated financial statements.

Aethlon Medical, Inc. and Subsidiary

Notes to Consolidated Financial Statements

1. ORGANIZATION, LIQUIDITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Aethlon Medical, Inc. and subsidiary (collectively, “Aethlon”, the “Company”, “we” or “us”) is a medical technol
focused on addressing unmet needs in global health and biodefense. The Aethlon Hemopurifier® is an early clinic
therapeutic device designed for the single-use removal of life-threatening viruses from the circulatory system of in
individuals. We believe the Hemopurifier can be a part of the broad-spectrum treatment of life-threatening highly
glycosylated viruses that are not addressed with an already approved treatment countermeasure objectives set forth
U.S. Government to protect citizens from bioterror and pandemic threats. In small-scale or early feasibility human
the Hemopurifier has been administered to individuals infected with HIV, Hepatitis-C, and Ebola. Additionally, th
Hemopurifier has been validated to capture Zika virus, Lassa virus, MERS-CoV, Cytomegalovirus, Epstein-Barr v
Herpes Simplex virus, Chikungunya virus, Dengue virus, West Nile virus, Smallpox-related viruses, H1N1 Swine
H5N1 Bird Flu virus, and the reconstructed Spanish flu virus of 1918. In several cases, these validations were cond
collaboration with leading government or non-government research institutes. Domestically, we are focused on the
advancement of the Hemopurifier through investigational device exemptions (IDEs) approved by FDA. We recent
concluded a feasibility study to demonstrate the safety of our device in health-compromised individuals infected w
pathogen.

We are also the majority owner of Exosome Sciences, Inc. (ESI), a company focused on the discovery of exosoma
biomarkers to diagnose and monitor life-threatening diseases. Included among ESI’s endeavors is the advancemen
TauSome™ biomarker candidate to diagnose Chronic Traumatic Encephalopathy (CTE) in the living. ESI previou
documented that TauSome levels in former NFL players to be nine times higher than same age-group control subje

Successful outcomes of human trials will also be required by the regulatory agencies of certain foreign countries w
intend to sell this device. Some of our patents may expire before FDA approval or approval in a foreign country, if
obtained. However, we believe that certain patent applications and/or other patents issued more recently will help
proprietary nature of the Hemopurifier treatment technology.

Our executive offices are located at 9635 Granite Ridge Drive, Suite 100, San Diego, California 92123. Our teleph
number is (858) 459-7800. Our website address is www.aethlonmedical.com.

Our common stock is quoted on the Nasdaq Capital Market under the symbol “AEMD.”

LIQUIDITY AND GOING CONCERN

Management expects existing cash as of March 31, 2018 to be sufficient to fund the Company’s operations for at l
months from the issuance date of these consolidated financial statements.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Aethlon Medical, Inc. and its majorit
(80% ownership) and controlled subsidiary, Exosome Sciences, Inc. (ESI). All significant intercompany balances a
transactions have been eliminated in consolidation. The Company has classified the (20% ownership) noncontrolli
interests in ESI as part of consolidated net loss in the fiscal years ended March 31, 2018 and 2017 and includes the
accumulated amount of noncontrolling interests as part of equity.

The losses at ESI during the fiscal year ended March 31, 2018 reduced the noncontrolling interests on our consolid
balance sheet by $20,279 from $(80,967) at March 31, 2017 to $(101,246) at March 31, 2018.

RISKS AND UNCERTAINTIES

We operate in an industry that is subject to intense competition, government regulation and rapid technological cha operations are subject to significant risk and uncertainties including financial, operational, technological, regulator including the potential risk of business failure.

USE OF ESTIMATES

We prepare our consolidated financial statements in conformity with accounting principles generally accepted in th States of America ("GAAP"), which requires management to make estimates and assumptions that affect the repor of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial st and reported amounts of revenues and expenses during the reporting periods. Significant estimates made by manag include, among others, realization of long-lived assets, estimating fair value associated with debt and equity transa valuation of deferred tax assets. Actual results, whether in the near, medium or long-term future, could differ from estimates.

CASH AND CASH EQUIVALENTS

Accounting standards define "cash and cash equivalents" as any short-term, highly liquid investment that is both re convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in v because of changes in interest rates. For the purpose of financial statement presentation, we consider all highly liqu investment instruments with original maturities of three months or less when purchased, or any investment redeem without penalty or loss of interest to be cash equivalents. As of March 31, 2018 and 2017, we had no assets that we classified as cash equivalents.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of our cash, accounts receivable, accounts payable, and other current liabilities approximates estimated fair values due to the short-term maturities of those financial instruments. The carrying amount of the no payable approximates their fair value due to the short maturity of the notes and since the interest rates approximate market interest rates for similar instruments.

Management has concluded that it is not practical to determine the estimated fair value of amounts due to related p because the transactions cannot be assumed to have been consummated at arm's length, the terms are not deemed t market terms, there are no quoted values available for these instruments, and an independent valuation would not b practicable due to the lack of data regarding similar instruments, if any, and the associated potential costs.

We follow Financial Accounting Standard Board's ("FASB") Accounting Standards Codification ("ASC") FASB Value Measurements and Disclosures" ("ASC 820") in connection with financial assets and liabilities measured at a recurring basis subsequent to initial recognition.

ASC 820 requires that assets and liabilities carried at fair value will be classified and disclosed in one of the follow categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

The hierarchy noted above requires us to minimize the use of unobservable inputs and to use observable market da available, when determining fair value.

We do not have any assets or liabilities that are measured at fair value on a recurring basis and, during the years en March 31, 2018 and 2017, and did not have any assets or liabilities that were measured at fair value on a nonrecurr

CONCENTRATIONS OF CREDIT RISKS

Cash is maintained at one financial institution in checking accounts. Accounts at this institution are secured by the Deposit Insurance Corporation up to $250,000. Our March 31, 2018 cash balances were approximately $6,722,000 insured amount. We do not believe that the Company is exposed to any significant risk with respect to its cash.

All of our accounts receivable at March 31, 2018 and 2017 and all of our revenue in the fiscal years ended March 3 and 2017 were directly from the National Cancer Institute or the U.S. Department of Defense or from a subcontrac Battelle, which is a prime contractor with the U.S. Department of Defense.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the estima lives of the related assets, which range from two to five years. Repairs and maintenance are charged to expense as while improvements are capitalized. Upon the sale or retirement of property and equipment, the accounts are reliev cost and the related accumulated depreciation with any gain or loss included in the consolidated statements of oper

INCOME TAXES

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to the difference betw consolidated financial statements and their respective tax basis. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and th reported for income tax purposes, and (b) tax credit carryforwards. We record a valuation allowance for deferred ta when, based on our best estimate of taxable income (if any) in the foreseeable future, it is more likely than not that portion of the deferred tax assets may not be realized.

LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their car amounts may not be recoverable. If the cost basis of a long-lived asset is greater than the projected future undiscou cash flows from such asset, an impairment loss is recognized. We believe no impairment charges were necessary d

fiscal years ended March 31, 2018 and 2017.

LOSS PER SHARE

Basic loss per share is computed by dividing net income available to common stockholders by the weighted averag of common shares outstanding during the period of computation. Diluted loss per share is computed similar to bas share except that the denominator is increased to include the number of additional common shares that would have outstanding if potential common shares had been issued, if such additional common shares were dilutive. Since we losses for all periods presented, basic and diluted loss per share are the same, and additional potential common sha been excluded as their effect would be antidilutive.

As of March 31, 2018 and 2017, a total of 7,160,004 and 3,908,292 potential common shares, consisting of shares underlying outstanding stock options, restricted stock units, warrants and convertible notes payable were excluded inclusion would be antidilutive.

SEGMENTS

Historically, we operated in one segment that was based on our development of therapeutic devices. However, in t December 2013 quarter, we initiated the operations of ESI to develop diagnostic tests. As a result, we now operate segments, Aethlon for therapeutic applications and ESI for diagnostic applications (See Note 10).

We record discrete financial information for ESI and our chief operating decision maker reviews ESI's operating r order to make decisions about resources to be allocated to the ESI segment and to assess its performance.

DEFERRED FINANCING COSTS

Costs related to the issuance of debt are capitalized as a deduction to our convertible notes based on the new accou standard on imputation of interest, and amortized to interest expense over the life of the related debt using the effe interest method. We recorded amortization expense related to our deferred financing costs of $27,641 during the fi ended March 31, 2017. There was no amortization related to our deferred financing costs in the fiscal year ended M 2018.

REVENUE RECOGNITION

For our contracts with the National Institutes of Health (“NIH”) and with DARPA, we adopted the Milestone meth revenue recognition under ASC 605-28 “Revenue Recognition – Milestone Method” (“ASC 605-28”) and we belie requirements under ASC 605-28 for reporting contract revenue under the Milestone Method for the fiscal years en 31, 2018 and 2017.

We identify the deliverables included within the contract and evaluate which deliverables represent separate units accounting based on if certain criteria are met, including whether the delivered element has standalone value to the collaborator. The consideration received is allocated among the separate units of accounting, and the applicable re recognition criteria are applied to each of the separate units.

A milestone is an event having all of the following characteristics:

(1) There is substantive uncertainty at the date the arrangement is entered into that the event will be achieved. A ve assessment that it expects to achieve a milestone does not necessarily mean that there is not substantive uncertainty associated with achieving the milestone.

(2) The event can only be achieved based in whole or in part on either: (a) the vendor’s performance; or (b) a spec outcome resulting from the vendor’s performance.

(3) If achieved, the event would result in additional payments being due to the vendor.

A milestone does not include events for which the occurrence is either: (a) contingent solely upon the passage of ti
the result of a counterparty's performance.

The policy for recognizing deliverable consideration contingent upon achievement of a milestone must be applied
consistently to similar deliverables.

The assessment of whether a milestone is substantive is performed at the inception of the arrangement. The consid
earned from the achievement of a milestone must meet all of the following for the milestone to be considered subs

(1) The consideration is commensurate with either: (a) the vendor's performance to achieve the milestone; or (b) th
enhancement of the value of the delivered item or items as a result of a specific outcome resulting from the vendor
performance to achieve the milestone;

(2) The consideration relates solely to past performance; and

(3) The consideration is reasonable relative to all of the deliverables and payment terms (including other potential
consideration) within the arrangement.

A milestone is not considered substantive if any portion of the associated milestone consideration relates to the rem
deliverables in the unit of accounting (i.e., it does not relate solely to past performance). To recognize the mileston
consideration in its entirety as revenue in the period in which the milestone is achieved, the milestone must be sub
its entirety. Milestone consideration cannot be bifurcated into substantive and nonsubstantive components. In addi
portion of the consideration earned from achieving a milestone may be refunded or adjusted based on future perfor
the related milestone is not considered substantive.

NIH Contract - We entered into a contract with the NIH on September 15, 2017. This award is under the NIH's Sm
Business Innovation Research (SBIR) program which is designed to fund early stage small businesses that are seek
commercialize innovative biomedical technologies. The title of the award is SBIR Topic 359 Phase 1 Device Strat
Selective Isolation of Oncosomes and Non-Malignant Exosomes.

The award from NIH is a firm, fixed-price contract with potential total payments to us of $299,250 over the course
months.

Fixed price contracts require the achievement of multiple, incremental milestones to receive the full award during
period of the contract. The NIH also has the unilateral right to require us to perform additional work under an optic
for an additional fixed amount of $49,800.

Under the terms of the contract, we must perform certain incremental work towards the achievement of specific m
against which we will invoice the government for fixed payment amounts.

In the fiscal year ended March 31, 2018, we completed the first two milestones on this contract and invoiced NIH
milestones in the amount of $149,625. In the fiscal year ended March 31, 2018, we performed work under the cont
completing the majority of the first two technical objectives of the contract (Aim 1: To validate the Hemopurifier a
for capture and recovery of melanoma exosomes from plasma and Aim 2: To validate a method of melanoma exos
isolation consisting of the Hemopurifier followed by mab-based immunocapture to select out the tumor-derived ex
from non-malignant exosomes). As a result we invoiced NIH for $149,625.

DARPA Contract -- We entered into a government contract with DARPA and recognized revenue of $387,438 und
contract during the fiscal year ended March 31, 2017.

Battelle Subcontract -- We entered into a subcontract agreement with Battelle Memorial Institute (“Battelle”) in M
Battelle was chosen by DARPA to be the prime contractor on the systems integration portion of the original DARI
contract and we are one of several subcontractors on that systems integration project. The Battelle subcontract is
cost-reimbursable under a time and materials basis. We began generating revenues under the subcontract during th
months ended September 30, 2013 and for the fiscal year ended March 31, 2017, we recorded revenue of $4,635, u
Battelle subcontract.

Our revenue under this contract was a function of cost reimbursement plus an overhead mark-up for hours devoted
project by specific employees (with specific hourly rates for those employees). Battelle engaged us as needed. Eac
required approval by the program manager at Battelle.

STOCK-BASED COMPENSATION

Employee stock options and rights to purchase shares under stock participation plans are accounted for under the f
method. Accordingly, share-based compensation is measured when all granting activities have been completed, ge
grant date, based on the fair value of the award. The exercise price of options is generally equal to the market price

Company's common stock (defined as the closing price as quoted on the Nasdaq Capital Market or OTCBB on the grant). Compensation cost recognized by the Company includes (a) compensation cost for all equity incentive awa granted prior to April 1, 2006, but not yet vested, based on the grant-date fair value estimated in accordance with t provisions of the then current accounting standards, and (b) compensation cost for all equity incentive awards gran subsequent to March 31, 2006, based on the grant-date fair value estimated in accordance with the provisions of su accounting standards. We use a Binomial Lattice option pricing model for estimating fair value of options granted 5).

The following table summarizes share-based compensation expenses relating to shares and options granted and the loss per common share during the years ended March 31, 2018 and 2017:

Our total stock-based compensation for fiscal years ended March 31, 2018 and 2017 included the following:

	Fiscal Years Ended	
	March 31, 2018	March 31, 2017
Vesting of Stock Options and Restricted Stock Units	$1,212,794	$2,076,535
	47,975	109,773
Total Stock-Based Compensation Expense	$1,260,769	$2,186,309
Weighted average number of common shares outstanding – basic and diluted	12,317,074	7,764,237
Basic and diluted loss per common share	$(0.10)	$(0.28)

F-11

We account for transactions involving services provided by third parties where we issue equity instruments as part
total consideration using the fair value of the consideration received (i.e. the value of the goods or services) or the
of the equity instruments issued, whichever is more reliably measurable. In transactions, when the value of the goo
services are not readily determinable and (1) the fair value of the equity instruments is more reliably measurable a
counterparty receives equity instruments in full or partial settlement of the transactions, we use the following meth

a) For transactions where goods have already been delivered or services rendered, the equity instruments are issue
about the date the performance is complete (and valued on the date of issuance).

b) For transactions where the instruments are issued on a fully vested, non-forfeitable basis, the equity instruments
valued on or about the date of the contract.

c) For any transactions not meeting the criteria in (a) or (b) above, we re-measure the consideration at each reporti
based on its then current stock value.

We review share-based compensation on a quarterly basis for changes to the estimate of expected award forfeiture
actual forfeiture experience. The effect of adjusting the forfeiture rate for all expense amortization after March 31,
recognized in the period the forfeiture estimate is changed. The effect of forfeiture adjustments for the fiscal year e
March 31, 2018 was insignificant.

PATENTS

Patents include both foreign and domestic patents. We capitalize the cost of patents, some of which were acquired
amortize such costs over the shorter of the remaining legal life or their estimated economic life, upon issuance of t
The unamortized costs of patents are subject to our review for impairment under our long-lived asset policy above

STOCK PURCHASE WARRANTS

We grant warrants in connection with the issuance of convertible notes payable and the issuance of common stock
When such warrants are classified as equity and issued in connection with debt, we measure the relative estimated
of such warrants and record it as a discount from the face amount of the convertible notes payable. Such discounts

amortized to interest expense over the term of the notes using the effective interest method. Warrants issued in con with common stock for cash, if classified as equity, are considered issued in connection with equity transactions ar warrant fair value is recorded to additional paid-in-capital.

BENEFICIAL CONVERSION FEATURE OF CONVERTIBLE NOTES PAYABLE

The convertible feature of certain notes payable provides for a rate of conversion that is below market value. Such normally characterized as a "Beneficial Conversion Feature" ("BCF"). We measure the estimated fair value of the circumstances in which the conversion feature is not required to be separated from the host instrument and accoun separately, and record that value in the consolidated financial statements as a discount from the face amount of the Such discounts are amortized to interest expense over the term of the notes.

RESEARCH AND DEVELOPMENT EXPENSES

Our research and development costs are expensed as incurred. We incurred approximately $586,000 and $673,000 research and development expenses for the years ended March 31, 2018 and 2017, respectively, which are include various operating expenses in the accompanying consolidated statements of operations.

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current o material effect on our consolidated financial statements.

SIGNIFICANT RECENT ACCOUNTING PRONOUNCEMENTS

During the fiscal year ended March 31, 2017, we adopted Financial Accounting Standards Board (“FASB”) Accou
Standards Update (“ASU”) 2015-03, the new accounting standard on imputation of interest, simplifying the preser
debt issuance costs. As a result of the adoption of that pronouncement, our deferred financing costs at March 31, 2
reclassified from current assets to an offset against our convertible notes. We did not have any unamortized deferr
financing costs at March 31, 2017.

During the fiscal year ended March 31, 2017, we also adopted FASB ASU 2015-01, the new accounting standard
statement - extraordinary and unusual items (Subtopic 225-20): simplifying income statement presentation by elim
concept of extraordinary items and FASB ASU 2014-15, the new accounting standard on the presentation of finan
statements - going concern (Subtopic 205-40): disclosure of uncertainties about an entity's ability to continue as a
concern.

The adoption of FASB ASU 2015-01 did not have a material impact on our consolidated financial statements for t
years ended March 31, 2018 and 2017 as we did not have any extraordinary or unusual items in those fiscal years
believe this accounting pronouncement will not have a significant impact on the our consolidated financial stateme
future. The adoption of FASB ASU 2014-15 did not have a material impact on our consolidated financial statemen
fiscal years ended March 31, 2018 and 2017.

During the fiscal year ended March 31, 2018, we adopted FASB ASU 2016-09, Improvements to Employee Share
Payment Accounting, which amended Accounting Standards Codification ("ASC") Topic 718, Compensation – St
Compensation. This pronouncement simplified several aspects of the accounting for share-based payment transact
including the income tax consequences, classification of awards as either equity or liabilities, and classification on
statement of cash flows. ASU 2016-09 is effective for fiscal years beginning after December 15, 2016, and interim
within those fiscal years. We adopted this ASU effective April 1, 2017 and the adoption did not have a material im
our consolidated financial statements.

In May 2014, the FASB issued ASU No. 201 4-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2
ASU 2014-09 requires an entity to recognize the revenue to depict the transfer of promised goods or services to cu
an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and
In addition, the standard provided guidance for recognizing gains and losses from the transfer of nonfinancial asse
contracts with noncustomers upon transfer of control. ASU 2014-09 supersedes the revenue requirements in Rever
Recognition (Topic 605) and most industry-specific guidance throughout the Industry Topics of the Codification.
2014-09 was to be effective for fiscal years, and interim periods within those years, beginning after December 15,
is to be applied retrospectively, with early application not permitted. In August 2015, the FASB issued ASU 2015-
Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date (“ASU 2015-14”), which def

effective date of ASU 2014-09 by one year. Early adoption is permitted after December 31, 2016. We elected to ad
standard effective April 1, 2017, and the adoption did not have a material impact on our financial statements as exi
government contracts are not in scope of Topic 606.

ASU 2016-02, Leases (Topic 842) changes the existing accounting standards for lease accounting, including requi
lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU 20
effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years
adoption of ASU 2016-02 as of its issuance is permitted. The new leases standard requires a modified retrospective
approach for all leases existing at, or entered into after, the date of initial application, with an option to use certain
relief. We do not expect the adoption of ASU No. 2016-02 to have a significant impact on our consolidated financ
statements.

2. PROPERTY AND EQUIPMENT

Property and equipment, net, consist of the following:

	March 31, 2018	March 31, 2017
Furniture and office equipment, at cost	$376,907	$352,085
Accumulated depreciation	(349,355)	(322,862)
	$27,552	$29,223

Depreciation expense for the years ended March 31, 2018 and 2017 was $26,494 and $23,248, respectively.

3. PATENTS

Patents consist of the following:

	March 31, 2018	March 31, 2017
Patents	$211,645	$211,645
Accumulated amortization	(135,813)	(126,649)
	$75,832	$84,996

Amortization expense for patents for the years ended March 31, 2018 and 2017 was $9,164 and $9,165, respective
amortization expense on patents is estimated to be approximately $9,000 per year based on the estimated life of th
The weighted average remaining life of our patents is approximately 3.2 years.

4. CONVERTIBLE NOTES PAYABLE

Convertible Notes Payable, Net consisted of the following at March 31, 2018:

	Principal	Unamortized Discount	Net Amount	Accrued Interest
Convertible Notes Payable, Net – Non-Current Portion:				
November 2014 10% Convertible Notes (due July 1, 2019)	$612,811	$ (93,590)	$519,221	$34,386
December 2016 10% Convertible Notes (due July 1, 2019)	379,780	(57,848)	321,932	21,315
Total Convertible Notes Payable, Net	$992,591	$ (151,438)	$841,153	$55,701

During the fiscal year ended March 31, 2018, we recorded interest expense of $112,456 related to the contractual i
rates of our convertible notes and interest expense of $245,664 related to the amortization of the note discount for
interest expense of $358,120 related to our convertible notes in the fiscal year ended March 31, 2018. All of the un
discount at March 31, 2018 related to the note discount established upon the second amendment to the November
Convertible Notes and to the December 2016 10% Convertible Notes (see below). Accrued interest is included in c
current liabilities (see Note 7).

Convertible Notes Payable, Net consisted of the following at March 31, 2017:

	Principal	Unamortized Discount	Net Amount	Accrued Interest
Convertible Notes Payable, Net – Non-Current Portion:				
November 2014 10% Convertible Notes (due July 1, 2019)	$612,811	$ (275,363)	$337,448	$ 2,555
December 2016 10% Convertible Notes (due July 1, 2019)	680,400	(498,648)	181,752	2,836
Total Convertible Notes Payable, Net	$1,293,211	$ (774,011)	$519,200	$ 5,391

During the fiscal year ended March 31, 2017, we recorded interest expense of $81,102 related to the contractual in
of our convertible notes, interest expense of $27,641 related to the amortization of deferred financing costs and int
expense of $192,798 related to the amortization of the note discount for a total interest expense of $301,541 relate
convertible notes in the fiscal year ended March 31, 2017. All of the unamortized discount at December 31, 2016 r
the note discount established upon the second amendment to the November 2014 10% Convertible Notes and to th
December 2016 10% Convertible Notes (see below). Accrued interest is included in other current liabilities (see N

NOVEMBER 2014 10% CONVERTIBLE NOTES

In November 2014, we entered into a subscription agreement with two accredited investors providing for the issua sale of (i) convertible promissory notes in the aggregate principal amount of $527,780 (the "Notes") and (ii) five y to purchase up to 47,125 shares of common stock at a fixed exercise price of $8.40 per share (the "Warrants"). The bear interest at the annual rate of 10% and originally matured on April 1, 2016.

The aggregate gross cash proceeds to us were $415,000 after subtracting legal fees of $35,000, a $27,780 due dilig and an original issuance discount of $50,000. We recorded deferred financing costs of $112,780 to reflect the legal diligence fee and original issuance discount and will amortize those costs over the life of the Notes using the effec interest method.

These Notes are convertible at the option of the holders into shares of our common stock at a fixed price of $5.60 p for up to an aggregate of 94,246 shares of common stock. There are no registration requirements with respect to th common stock underlying the Notes or the Warrants.

The estimated relative fair value of Warrants issued in connection with the Notes was recorded as a debt discount a amortized as additional interest expense over the term of the underlying debt. We recorded debt discount of $240,1 on the relative fair value of these Warrants. In addition, as the effective conversion price of the Notes was less than price of the underlying common stock on the date of issuance, we recorded an additional debt discount of $287,64 the beneficial conversion feature.

Initial Amendment of the November 2014 10% Convertible Note Terms

On November 12, 2015, we entered into an amendment of terms ("Amendment of Terms") with the two investors participated in the November 2014 10% Convertible Notes. The Amendment of Terms modified the terms of the subscription agreement, Notes and Warrants held by those investors to, among other things, extended the maturity Notes from April 1, 2016 to June 1, 2016, temporarily reduced the number of shares that we must reserve with resp conversion of the Notes, and temporarily suspended the time period during which one of the investors may exercis Warrants. In exchange for the investors' agreements in the Amendment of Terms, we paid one of the investors a ca $90,000, which we recorded as deferred financing costs and amortized over the remaining term of the notes.

Second Amendment and Extension of the November 2014 10% Convertible Notes

On June 27, 2016, we and certain investors entered into further Amendments (the "Amendments") to the Notes an
Warrants. The Amendments provide that the Maturity Date (as defined in the Notes) was extended from June 1, 20
1, 2017 and that the conversion price per share of the Notes was reduced from $5.60 per share of common stock to
share of common stock. In addition, we reduced the purchase price (as defined in the Warrants) from $8.40 per sha
$5.00 per share of common stock. In connection with these modifications, each of the investors signed a Consent a
providing its consent under certain restrictive provisions, and waiving certain rights, including a right to participate
offerings made by us, under a Securities Purchase Agreement dated June 23, 2015, (the "2015 SPA") to which we
investors and certain other investors are parties, in order to facilitate an at-the-market equity program (see Note 6).

The Amendments also increase the principal amount of the Notes to $692,811 (in the aggregate) to (i) include accr
unpaid interest through June 15, 2016, and (ii) increase the principal amount by $80,000 (in the aggregate) as an ex
fee for the extended maturity date of the Notes. With respect to each Note, we entered into an Allonge to Convertib
Promissory Note (each, an "Allonge") reflecting the changes in the principal amount, Maturity Date and conversio
the Note.

We also issued to the investors new warrants (the "New Warrants") to purchase an aggregate of 30,000 shares of c
stock with a Purchase Price (as defined in the New Warrants) of $5.00 per share of common stock. We issued the N
Warrants in substantially the same form as the prior Warrants, and the New Warrants will expire on November 6, 2
same date on which the prior Warrants will expire.

The modification of the Notes was evaluated under FASB Accounting Standards Codification ("ASC") Topic No. "Debt Modification and Extinguishments" ("ASC 470-50-40"). Therefore, according to the guidance, the instrume determined to be substantially different, and the transaction qualified for extinguishment accounting. As a result, w recorded a loss on debt extinguishment of $536,889 and recognized an extension fee expense of $80,000, which ar in other (income) expenses in the accompanying condensed consolidated statements of operations. The debt exting is comprised from the fair value of prior warrants issued in connection with the Notes of $287,676, as well as $325 related to beneficial conversion feature and offset by debt discount of $75,993. The beneficial conversion feature i of the effective conversion price of the new Notes being less than the market price of the underlying common stoc date of modification.

Third Amendment and Extension of the November 2014 10% Convertible Notes

In connection with the issuance of the December 2016 10% Convertible Notes, the conversion price of the Novem 10% Convertible Notes was reduced from $5.00 to $4.00 per share and the expiration date of the November 2014 Convertible Notes was extended from July 1, 2017 to July 1, 2018.

The modification of the Notes was evaluated under ASC 470-50-40 and the instruments were determined to be sub different, and the transaction qualified for extinguishment accounting. As a result, we recorded a gain on debt extinguishment of $58,691, which is included in other (income) expenses in the accompanying condensed consolid statements of operations. The recording of the modified Notes resulted in a beneficial conversion of $233,748 whi result of the effective conversion price of the new Notes being less than the market price of the underlying commo the date of modification.

June 2017 Amendment to the November 2014 10% Convertible Notes

In June 2017, we agreed with the holders of the November 2014 10% Convertible Notes to an extension of the exp dates of the notes from July 1, 2018 to July 1, 2019 in exchange for the reduction of the conversion price of those $4.00 per share to $3.00 per share. The modification of the Notes was evaluated under ASC 470-50-40 and the ins were determined to be substantially different, and the transaction qualified for extinguishment accounting. Under t extinguishment accounting we recorded a loss on debt extinguishment of $178,655 and recalculated a revised debt on the notes.

The following table shows the changes to the principal balance of the November 2014 10% Convertible Notes:

Activity in the November 2014 10% Convertible Notes	
Initial principal balance	$527,780
Increase in principal balance under the second amendment (see above)	165,031
Conversions during the fiscal year ended March 31, 2017	(80,000)
Balance as of March 31, 2017 & March 31, 2018	$612,811

DECEMBER 2016 10% CONVERTIBLE NOTES

In December 2016, we entered into a securities purchase agreement (the “Securities Purchase Agreement”) with tw
investors (collectively, the “Holders”), pursuant to which the Holders purchased an aggregate of $680,400 principa
Notes (inclusive of due diligence fee of $30,000 deemed paid as a subscription amount in the form of a Note in the
amount of $32,400) for an aggregate cash subscription amount of $600,000 and (b) warrants to purchase 127,575 s
Common Stock (collectively, the “Warrants”).

The Notes bear interest at the rate of 10% per annum, and the principal amount and all accrued and unpaid interest
convertible into shares of our common stock at a $4.00 per share conversion price, which is subject to customary a
provisions for stock splits, dividends, recapitalizations and the like. The Notes mature on July 1, 2018 and are subj
customary and usual terms for events of default and the like. Each Holder has contractually agreed to restrict its ab
convert its Note such that the number of shares of the Common Stock held by the Holder and its affiliates after suc
does not exceed 4.99% of our then issued and outstanding shares of Common Stock.

The Warrants issued to the Holders are exercisable for a period of five years from the date of issuance at an exerci
$4.50, subject to adjustment. A Holder may exercise a Warrant by paying the exercise price in cash or by exercisin
Warrant on a cashless basis. In the event a Holder exercises a Warrant on a cashless basis, we will not receive any
The exercise price of the Warrants is subject to customary adjustments provision for stock splits, stock dividends,
recapitalizations and the like. Each Holder has contractually agreed to restrict its ability to exercise its Warrant suc
number of shares of the Common Stock held by the Holder and its affiliates after such exercise does not exceed 4.
then issued and outstanding shares of Common Stock.

The estimated relative fair value of Warrants issued in connection with the Notes was recorded as a debt discount
being amortized as additional interest expense over the term of the underlying debt. We recorded debt discount of
based on the relative fair value of these Warrants. In addition, as the effective conversion price of the Notes was le
market price of the underlying common stock on the date of issuance, we recorded an additional debt discount of $
related to the beneficial conversion feature. We also recorded deferred financing costs of $102,940, which was co
an 8% original issue discount of $50,400, a $30,000 due diligence fee (which was paid in the form of a note), $22,
legal fees, and a $40 bank charge. The combination of the above items led to a combined discount against the conv
notes of $598,376.

June 2017 Amendment to the December 2016 10% Convertible Notes

In June 2017, we agreed with the holders of the December 2016 10% Convertible Notes to an extension of the exp
dates of the notes from July 1, 2018 to July 1, 2019 in exchange for the reduction of the conversion price of those
$4.00 per share to $3.00 per share. The modification of the notes was evaluated under ASC 470-50-40 and the inst
were determined to be substantially different, and the transaction qualified for extinguishment accounting. Under t
extinguishment accounting we recorded a loss on debt extinguishment of $198,254 and recalculated a revised debt
on the notes.

The following table shows the changes to the principal balance of the December 2016 10% Convertible Notes:

Activity in the December 2016 10% Convertible Notes	
Initial principal balance	$680,400
Conversions during the fiscal year ended March 31, 2018	(300,620)
Balance as of March 31, 2018	$379,780

5. EQUITY TRANSACTIONS

ISSUANCES OF COMMON STOCK AND WARRANTS

Equity Transactions in the Fiscal Year Ended March 31, 2018.

Common Stock Sales Agreement with H.C. Wainwright

On June 28, 2016, we entered into a Common Stock Sales Agreement (the "Agreement") with H.C. Wainwright &
("H.C. Wainwright") which establishes an at-the-market equity program pursuant to which we may offer and sell s
common stock from time to time as set forth in the Agreement. The Agreement provides for the sale of shares of o
common stock having an aggregate offering price of up to $12,500,000 (the "Shares").

Subject to the terms and conditions set forth in the Agreement, H.C. Wainwright will use its commercially reasona
consistent with its normal trading and sales practices to sell the Shares from time to time, based upon our instructio
have provided H.C. Wainwright with customary indemnification rights, and H.C. Wainwright will be entitled to a
commission at a fixed rate equal to three percent (3.0%) of the gross proceeds per Share sold. In addition, we have
pay certain expenses incurred by H.C. Wainwright in connection with the Agreement, including up to $50,000 of t
and disbursements of their counsel. The Agreement will terminate upon the sale of all of the Shares under the Agre
unless terminated earlier by either party as permitted under the Agreement.

Sales of the Shares, if any, under the Agreement shall be made in transactions that are deemed to be "at the market
as defined in Rule 415 under the Securities Act, including sales made by means of ordinary brokers' transactions,
on the Nasdaq Capital Market, at market prices or as otherwise agreed with H.C. Wainwright. We have no obligati
any of the Shares, and, at any time, we may suspend offers under the Agreement or terminate the Agreement.

In the fiscal year ended March 31, 2018, we raised aggregate net proceeds of $2,104,968 (net of $65,280 in comm
H.C. Wainwright and $5,748 in other offering expenses) under this agreement through the sale of 941,504 shares a
average price of $2.24 per share of net proceeds.

October 2017 Public Offering

On October 4, 2017, we consummated a public offering of 5,454,546 shares of common stock and warrants to purc
5,454,546 shares of common stock, for total gross proceeds of $6.0 million. The offering was priced at $1.10 per u
each unit comprised of one share of common stock and one common stock purchase warrant. Neither the warrants
units are listed on an exchange and therefore do not trade. The warrants carry a five-year term with an exercise pri
$1.10 per share. The net proceeds of the offering were $5,289,735. H.C. Wainwright & Co. acted as exclusive plac
agent for the offering.

Warrant Exercises

In fiscal year ended March 31, 2018, investors that participated in the October 2017 Public Offering exercised 2,16
warrants for aggregate cash proceeds to us of $2,233,802 before expenses.

Restricted Shares Issued for Services

During the nine months ended December 31, 2017, we issued 15,000 shares of restricted common stock at a price
per share, the market price at time of issuance, in payment for investor relations consulting services valued at $33,
on the grant date closing market price of our common stock.

Share for Warrant Exchanges

During the fiscal year ended March 31, 2018, we agreed with two individual investors to exchange 11,497 restricte
for the cancellation of 22,993 warrants and we entered into an Exchange Agreement with two institutional investor
which we issued 57,844 restricted shares in exchange for the cancellation of 77,125 warrants held by those investo
also agreed with those institutional investors that they would extend the expiration dates of convertible notes held
investors from July 1, 2018 to July 1, 2019 in exchange for the reduction of the conversion price of those notes fro

per share to $3.00 per share (see Note 5).

Additionally, we entered into an agreement with a former placement agent to issue 5,500 restricted shares in excha
the cancellation of 11,000 warrants held by that placement agent. We measured the fair value of the shares issued a
value of the warrants exchanged for those shares and recorded losses for each of those exchanges based on the cha
fair value between the instruments exchanged. Based upon the fair value of the shares issued and warrants exchang
recorded a loss of $130,215 during the fiscal year ended March 31, 2018 for all of the above share for warrant exc

Stock Option Issuances

During the fiscal year ended March 31, 2018, we issued options to four of our employees to purchase 34,500 share
common stock at an exercise price of $1.68 per share, the closing price on the date of the approval of the option gr
our compensation committee (see Note 9).

Termination of Restricted Share Grant

During the fiscal year ended March 31, 2018, we terminated a previously recorded but unissued share issuance of
shares under a fully vested restricted stock grant to our CEO and issued to him 32,674 shares as a net settlement of
and the Company paid the withholding taxes associated with that share issuance in return for the cancellation of 35
shares. The compensation cost of that restricted stock grant had been fully recorded over prior fiscal years, therefo
expense was recorded regarding this net issuance.

Restricted Stock Unit Grants to Directors and Executive Officers

On August 9, 2016, our Board of Directors granted RSUs to certain of our officers and directors and during the fis ended March 31, 2017, 168,309 additional RSUs were granted to our directors pursuant to the 2012 Non-Employe Compensation Program. The RSUs represent the right to be issued on a future date shares of our common stock fo RSUs.

During the fiscal year ended March 31, 2018, 184,500 vested RSUs held by our executives were exchanged into th number of shares of our common stock. As our executives elected to net settle a portion of their RSU's in exchang Company paying the related withholding taxes on the share issuance, 97,238 of the RSUs were cancelled and we i 87,262 shares to our executives (see Note 9).

During the fiscal year ended March 31, 2018, 168,309 RSUs held by our outside directors were exchanged into the number of shares of our common stock. As three of our four outside directors elected to return 40% of their RSUs exchange for cash in order to pay their withholding taxes on the share issuances, 44,983 of the RSUs were cancelle paid $52,998 in cash to those outside directors (see Note 9).

Equity Transactions in the Fiscal Year Ended March 31, 2017.

Common Stock Sales Agreement with H.C. Wainwright

In July 2016, we commenced sales of common stock under our Common Stock Sales Agreement with H.C. Wainw the fiscal year ended March 31, 2017, we raised aggregate net proceeds of $955,206 (net of $29,831 in commissio Wainwright and $9,432 in other offering expenses) under this agreement through the sale of 216,078 shares at an a price of $4.42 per share of net proceeds.

Warrant Issuances in July 2016

In July 2016, we issued an aggregate of 2,660 shares of common stock to three investors upon the exercise of prev issued warrants. The warrants were exercised on a cashless or "net" basis. Accordingly, we did not receive any pro such exercises. The cashless exercise of such warrants resulted in the cancellation of previously issued warrants to

an aggregate of 19,563 shares of common stock.

Restricted Stock Unit Grants to Directors and Executive Officers

During the fiscal year ended March 31, 2017, 149,864 Restricted Stock Units ("RSUs") held by our outside directo
executive officers were exchanged into the same number of shares of our common stock (see Stock-Based Compe
below).

Amendment of Warrants Issued in Conjunction with the November 2014 10% Convertible Notes

Under the Second Amendment and Extension of the November 2014 10% Convertible Notes dated June 27, 2016
4), we reduced the purchase price of 47,125 Warrants from $8.40 per share to $5.00 per share.

We also issued to the investors new warrants to purchase an aggregate of 30,000 shares of common stock with a pu
price of $5.00 per share of common stock. We issued the new warrants in substantially the same form as the prior
and the new warrants will expire on November 6, 2019, the same date on which the prior warrants will expire (See

Amendment of December 2014 Warrants

On June 27, 2016, we and certain investors (the "Unit Investors") entered into Consent and Waiver and Amendme agreements (the "CWAs"), relating to an aggregate of 264,000 Warrants to Purchase Common Stock (the "Unit W had issued to the Unit Investors on December 2, 2014 pursuant to a Securities Purchase Agreement dated Novemb 2014 (the "2014 SPA"). In the CWAs, each of the Unit Investors provided its consent under certain restrictive pro waived certain rights, including a right to participate in certain offerings made by us, under the 2014 SPA in order facilitate the at-the-market equity program described above. Pursuant to the CWAs, we reduced the Exercise Price defined in the Unit Warrants) from $15.00 per share of common stock to $5.00 per share of common stock. At any the shares of common stock underlying the Unit Warrants are covered by an effective registration statement that p public resale of the shares, if the Unit Investors exercise the Unit Warrants, they must do so by a cash exercise, wh yield up to $1,320,000 in proceeds to us.

On June 27, 2016, each of the Unit Investors also entered into a Consent and Waiver providing its consent under c provisions, and waiving certain rights, including a right to participate in certain offerings made by us, under the 20 order to facilitate the at-the-market equity program described above.

In accordance with applicable GAAP for warrant modifications, we measured the change in fair value that arose fr reduction in exercise price and recognized an expense of $345,841, which is included in other (income) expenses i accompanying condensed consolidated statements of operations.

Warrants Issued in Conjunction with the December 2016 10% Convertible Notes

On December 30, 2016, we entered into a securities purchase agreement (the "Securities Purchase Agreement") w accredited investors (collectively, the "Holders"), pursuant to which the Purchasers purchased an aggregate of $68 principal amount of Notes (inclusive of due diligence fee of $30,000 deemed paid as a subscription amount in the Note in the principal amount of $32,400) for an aggregate cash subscription amount of $600,000 and (b) warrants purchase 127,575 shares of Common Stock (collectively, the "Warrants") (See Note 4).

The Warrants issued to the Holders are exercisable for a period of five years from the date of issuance at an exerci $4.50, subject to adjustment. A Holder may exercise a Warrant by paying the exercise price in cash or by exercisin Warrant on a cashless basis. In the event a Holder exercises a Warrant on a cashless basis, we will not receive any The exercise price of the Warrants is subject to customary adjustments provision for stock splits, stock dividends, recapitalizations and the like. Each Holder has contractually agreed to restrict its ability to exercise its Warrant suc number of shares of the Common Stock held by the Holder and its affiliates after such exercise does not exceed 4.

then issued and outstanding shares of Common Stock.

The estimated relative fair value of Warrants issued in connection with the Notes was recorded as a debt discount a amortized as additional interest expense over the term of the underlying debt. We recorded debt discount of $232,7 on the relative fair value of these Warrants.

MARCH 2017 EQUITY FINANCING

On March 22, 2017, we entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain ins investors (the "Investors") for the sale of 575,000 shares (the "Common Shares") of our common stock, par value share (the "Common Stock"), at a purchase price of $3.50 per share, in a registered direct offering. Concurrently w of the Common Shares, pursuant to the Purchase Agreement, we also sold in a private placement warrants to purch 575,000 shares of Common Stock (the "Warrants"). The aggregate gross proceeds for the sale of the Common Sha Warrants will be approximately $2 million. Subject to certain ownership limitations, the Warrants will be initially exercisable commencing six months from the issuance date at an exercise price equal to $3.95 per share of Commo subject to adjustments as provided under the terms of the Warrants. The Warrants will be exercisable for five years initial exercise date.

The net proceeds to us from the transactions, after deducting the placement agent's fees and expenses (not includin Wainwright Warrants, as defined below), our estimated offering expenses, and excluding the proceeds, if any, from exercise of the Warrants, were $1,804,250. We intend to use the net proceeds from the transactions for general cor purposes.

The Common Shares (but not the Warrants or shares issuable upon exercise of the Warrant) were sold by us pursu effective shelf registration statement on Form S-3, which was filed with the Securities and Exchange Commission on May 5, 2016 and subsequently declared effective on May 12, 2016 (File No. 333-211151) (the "Registration St and the base prospectus dated as of May 12, 2016 contained therein. We filed a prospectus supplement and the accompanying prospectus with the SEC in connection with this sale of the Common Shares.

The purchase agreement also covered the exchange of 264,000 warrants issued to the purchasers thereunder in Dec 2014 for 198,000 shares of our common stock. Further, in exchange for certain waivers given by the purchasers an other investors in a private placement of the Company in June 2015, the warrants issued in such private placement amended to (i) reduce the exercise price to $3.95 per share, (ii) make the warrants non-exercisable for a period of s from the date of amendment, and (iii) extend the term of those warrants by six months. As all of these warrant-rela elements were integral to the March 2017 Equity Financing, we accounted for all of these elements as adjustments additional paid-in capital.

The Warrants and the shares issuable upon exercise of the Warrants were sold and issued without registration unde Securities Act of 1933 (the "Securities Act") in reliance on the exemptions provided by Section 4(a)(2) of the Secu transactions not involving a public offering and Rule 506 promulgated under the Securities Act as sales to accredit investors, and in reliance on similar exemptions under applicable state laws.

We also entered into an engagement letter (the "Engagement Letter") with Rodman & Renshaw, a unit of H.C. Wa Co., LLC ("Rodman"), pursuant to which Rodman agreed to serve as exclusive placement agent for the issuance a Common Shares and Warrants. We paid Rodman an aggregate fee equal to 6% of the gross proceeds received by u sale of the securities in the transactions. Pursuant to the Engagement Letter, we also agreed to grant to Rodman or designees warrants to purchase up to 3% of the aggregate number of shares sold in the transaction (the "Rodman W The Engagement Letter has a nine month tail and right of first offer periods, indemnity and other customary provis transactions of this nature. The Rodman Warrants have substantially the same terms as the Warrants, except that th price is 125% of $3.50. We also paid Rodman a reimbursement for non-accountable expenses in the amount of $5

WARRANTS:

During the fiscal year ended March 31, 2018, we issued 5,618,182 warrants, including 163,636 warrants issued to placement agent, H.C. Wainwright & Co., in connection with our October 2017 Public Offering (see Note 6). Thos have a five year term and have an exercise price of $1.10 per share.

The following outlines the significant weighted average assumptions used to estimate the fair value information pr
with respect to warrants utilizing the Binomial Lattice option pricing models, issued during the fiscal year ended M
2018:

Risk free interest rate	1.38% - 1.92%
Average expected life	5 years
Expected volatility	100.2% - 111.1%
Expected dividends	None

Based on the above assumptions, we valued the warrants issued during the fiscal year ended March 31, 2018 as fo

- The 5,618,182 warrants issued in our October 2017 Public Offering were valued at $3,988,909 and we classified value as equity.

During the fiscal year ended March 31, 2017, we issued warrants in connection with three financing arrangements warrant issuance during the fiscal year was the issuance of 30,000 warrants with an exercise price of $5.00 per sha 2016. Those 30,000 warrants were issued in connection with the Amendment of November 2014 Investment Docu Note 4).

The second warrant issuance was the issuance of 127,575 warrants with an exercise price of $4.50 per share in De 2016. Those 127,575 warrants were issued in connection with the issuance of our December 2016 10% Convertibl (see Note 4).

The third warrant issuance during the fiscal year was our March 22, 2017 equity financing with certain institutiona (the "Investors") for the sale of 575,000 shares (the "Common Shares") of our common stock, par value $0.001 pe "Common Stock"), at a purchase price of $3.50 per share, in a registered direct offering. Concurrently with the sal Common Shares, pursuant to the Purchase Agreement, we also sold in a private placement warrants to purchase 57 shares of Common Stock (the "Warrants"). Subject to certain ownership limitations, the Warrants will be initially commencing six months from the issuance date at an exercise price equal to $3.95 per share of Common Stock, su adjustments as provided under the terms of the Warrants. The Warrants will be exercisable for five years from the exercise date.

The purchase agreement also covered the exchange of 264,000 warrants issued to the purchasers thereunder in Dec 2014 for 198,000 shares of our common stock. Further, in exchange for certain waivers given by the purchasers an other investors in a private placement of the Company in June 2015, the warrants issued in such private placement amended to (i) reduce the exercise price to $3.95 per share, (ii) make the warrants non-exercisable for a period of s from the date of amendment, and (iii) extend the term of those warrants by six months.

We also entered into an engagement letter (the "Engagement Letter") with Rodman & Renshaw, a unit of H.C. Wa Co., LLC ("Rodman"), pursuant to which Rodman agreed to serve as exclusive placement agent for the issuance a Common Shares and Warrants. In addition to a cash placement fee equal to 6% of the gross proceeds received by u sale of the securities in the transaction, we also agreed to grant to Rodman or its designees warrants to purchase up the aggregate number of shares sold in the transaction (the "Rodman Warrants"). The Rodman Warrants have subs same terms as the Warrants, except that the exercise price is 125% of $3.50.

Based on the above assumptions, we valued the warrants issued during the fiscal year ended March 31, 2017 as fo

- The 30,000 warrants issued in June 2016 were valued at $111,900 and we classified that fair value as equity.

- The 127,575 warrants issued in December 2016 were valued at $380,174 and we classified $232,718 of that fair debt discount and the remainder as equity.

- The 575,000 warrants issued in March 2017 were valued at $1,493,390 and we classified that fair value as equity

- In connection with our March 2017 financing, we agreed to reduce the exercise price on 547,620 warrants from $ $3.44. We valued the change in fair value due to the change in exercise price at $219,048 and classified that fair equity.

- Also in connection with our March 2017 financing, we agreed with the investor in that financing to exchange 19 shares for the return and cancellation of 264,000 warrants. We calculated the fair value of those 264,000 warrant $528,000 and classified the impact of this share for warrant exchange as equity due to the integral connection wi

March 2017 financing.

A summary of the aggregate warrant activity for the years ended March 31, 2018 and 2017 is presented below:

	Fiscal Year Ended March 31,			
	2018		2017	
	Warrants	Weighted Average Exercise Price	Warrants	Weighted Average Exercise Price
Outstanding, beginning of year	2,604,096	$ 3.64	2,164,094	$ 6.68
Granted	5,618,182	$ 1.10	749,825	$ 4.10
Exercised	(2,160,350)	$ 1.10	(2,660)	$ 6.25
Cancelled/Forfeited	(139,357)	$ 6.52	(307,163)	$ 5.18
Outstanding, end of year	5,922,571	$ 1.80	2,604,096	$ 3.64
Exercisable, end of year	5,922,571	$ 1.80	2,604,096	$ 3.64
Weighted average estimated fair value of warrants granted		$ 0.71		$ 2.65

The following outlines the significant weighted average assumptions used to estimate the fair value of warrants gra
utilizing the Binomial Lattice option pricing model:

	Year Ended March 31,	
	2018	2017
Risk free interest rate	1.38% - 1.92%	0.7% - 1.93%
Average expected life	5 years	3.42 – 5.5 years
Expected volatility	100.2% - 111.1%	88.2% - 96.0%
Expected dividends	None	None

The expected volatility was based on the historic volatility. The expected life of options granted was based on the
method" as described in the SEC's guidance due to changes in the vesting terms and contractual life of current opti
compared to our historical grants.

The detail of the warrants outstanding and exercisable as of March 31, 2018 is as follows:

	Warrants Outstanding			Warrants Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
$2.10 or Below	3,863,722	4.13	$1.21	3,863,722	$1.21
3.95 - $4.94	1,377,087	3.59	$4.06	1,377,087	$4.06
$5.20 - $12.05	681,762	2.07	$6.57	681,762	$6.57
	5,922,571			5,922,571	

STOCK-BASED COMPENSATION:

2000 STOCK OPTION PLAN

Our 2000 Stock Option Plan provides for the grant of incentive stock options to our full-time employees (who may
directors) and nonstatutory stock options to non-employee directors, consultants, customers, vendors or providers
significant services. The exercise price of any incentive stock option may not be less than the fair market value of
common stock on the date of grant or, in the case of an optionee who owns more than 10% of the total combined v
power of all classes of our outstanding stock, not be less than 110% of the fair market value on the date of grant. T

exercise price, in the case of any nonstatutory stock option, must not be less than 75% of the fair market value of t common stock on the date of grant. The amount reserved under the 2000 Stock Option Plan is 10,000 options.

At March 31, 2018, all of the grants previously made under the 2000 Stock Option Plan had expired and 200 unreg shares had been issued under the plan, with 9,800 available for future issuance.

2010 STOCK INCENTIVE PLAN

In August 2010, we adopted the 2010 Stock Incentive Plan, which provides incentives to attract, retain and motiva employees and directors whose present and potential contributions are important to our success by offering them a opportunity to participate in our future performance through awards of options, the right to purchase common stoc bonuses and stock appreciation rights and other awards. A total of 70,000 common shares were initially reserved f under the 2010 Stock Incentive Plan.

In August 2010, we filed a registration statement on Form S-8 for the purpose of registering 70,000 common share under this plan under the Securities Act, and in July 2012, we filed a registration statement on Form S-8 for the pu registering 100,000 common shares issuable under this plan under the Securities Act.

On January 26, 2016, our Board of Directors approved an amendment to the 2010 Stock Incentive Plan to increase number of shares of common stock reserved for issuance under the plan to 3,170,000 shares, subject to amendmen Articles of Incorporation to increase our authorized common stock. On March 29, 2016, we held an annual stockh meeting, at which our stockholders approved the Amended 2010 Stock Incentive Plan and an amendment of our A Incorporation to increase our authorized common stock to 30,000,000 shares.

At March 31, 2018, we had 2,272,393 shares available under this plan.

2012 DIRECTORS COMPENSATION PROGRAM

In July 2012, our Board of Directors approved a board compensation program that modifies and supersedes the 20 Directors Compensation Program, which was previously in effect. Under the 2012 program, in which only non-em directors may participate, an eligible director will receive a grant of $35,000 worth of ten-year options to acquire s common stock, with such grant being valued at the exercise price based on the average of the closing bid prices of common stock for the five trading days preceding the first day of the fiscal year. In addition, under this program, e directors will receive cash compensation equal to $500 for each committee meeting attended and $1,000 for each f board meeting attended.

On June 6, 2014, our Board of Directors approved certain changes to the 2012 program. Under this modified progr eligible director will receive an initial grant of $50,000 worth of options to acquire shares of common stock, with s being valued at the exercise price based on the average of the closing bid prices of the common stock for the five t days preceding the first day of the fiscal year. These options will have a term of ten years and will vest 1/3 upon gr 1/3 upon each of the first two anniversaries of the date of grant. In addition, at the beginning of each fiscal year, ea existing director eligible to participate in the modified 2012 program also will receive a grant of $35,000 worth of valued at the exercise price based on the average of the closing bid prices of the common stock for the five trading preceding the first day of the fiscal year. Such options will vest on the first anniversary of the date of grant. In lieu meeting fees, eligible directors will receive an annual board retainer fee of $30,000. The modified 2012 program a provides for the following annual retainer fees: Audit Committee Chair - $5,000, Compensation Committee chair - Audit Committee member - $4,000, Compensation Committee member - $4,000 and lead independent director - $

RESTRICTED STOCK UNIT GRANTS TO DIRECTORS AND EXECUTIVE OFFICERS

On August 9, 2016, our Board of Directors (the “Board”) granted RSUs to certain of our officers and directors as s below. The RSUs represent the right to be issued on a future date shares of our common stock for vested RSUs. Ou Compensation Committee recommended the grants based on a compensation assessment provided by a third-party

compensation consulting firm engaged by us that developed a peer group of companies for market assessment and compensation at such companies. That compensation assessment also recommended annual cash bonus targets of base salary.

The consultant recommended beneficial ownership targets, which we previously disclosed in our Proxy Statement February 23, 2016, in connection with our Annual Meeting of Stockholders held on March 29, 2016. In connection Annual Meeting, our stockholders approved our Amended 2010 Stock Incentive Plan, which included an increase number of shares available for grant under the plan in part to accommodate equity awards recommended by the Compensation Committee, and our stockholders approved our executive compensation as disclosed in the Proxy S pursuant to Item 402 paragraphs (m) through (q) of Regulation S-K as shown below:

To Mr. James A. Joyce, an aggregate of 634,000 RSUs of which 158,500 were deemed vested upon grant and an a 39,625 RSUs will vest each quarter beginning on January 1, 2017. This grant is intended to increase Mr. Joyce's b ownership of our common stock to 9.0%, which long term target was recommended in 2015 and in June 2016 by t compensation consultant engaged by us. Previously, in 2004, the Board had approved a long term beneficial owne target of 15% for Mr. Joyce. However, Mr. Joyce has agreed to the modified long term target of 9.0%.

To Mr. Rodney S. Kenley, an aggregate of 52,000 RSUs of which 13,000 were deemed vested upon grant and an a
3,250 RSUs will vest each quarter beginning on January 1, 2017. This grant is intended to increase Mr. Kenley's b
ownership of our common stock to 0.5%, which long term target was recommended in 2015 and in June 2016 by t
compensation consultant engaged by us.

To Mr. James B. Frakes, an aggregate of 52,000 RSUs of which 13,000 were deemed vested upon grant and an ad
3,250 RSUs will vest each quarter beginning on January 1, 2017. This grant is intended to increase Mr. Frakes' be
ownership of our common stock to 0.5%, which long term target was recommended in 2015 and in June 2016 by t
compensation consultant engaged by us.

To each of our non-employee directors, Mr. Franklyn S. Barry, Jr., Mr. Edward G. Broenniman and Dr. Chetan S.
16,432 RSUs valued at an aggregate of $105,000, based on the average of the closing prices of the common stock
trading days preceding and including August 9, 2016. These grants represent (a) $70,000 worth of RSUs represent
years of grants under the amended 2012 Non-Employee Directors Compensation Program (the "2012 Program") b
than two years have elapsed since Messrs. Barry and Broenniman and Dr. Shah received grants under the program
which RSUs are deemed vested upon grant and (b) $35,000 worth of RSUs representing the grant covering the fisc
ending March 31, 2017, of which one-quarter were deemed vested upon grant and the remaining portion vested rat
September 30, 2016, at December 31, 2016 and at March 31, 2017.

The RSUs were granted under our Amended 2010 Stock Incentive Plan and we recorded expense of $2,076,535 in
year ended March 31, 2017 related to the RSU grants.

CHANGES TO 2012 NON-EMPLOYEE DIRECTORS COMPENSATION PROGRAM

In July 2012, the Board approved the 2012 Program, which modified and superseded the 2005 Directors Compens
Program that had been in effect previously. On June 6, 2014, the Board approved certain changes to the 2012 Prog
on August 9, 2016, the Board approved further modifications to the program. Under the modified 2012 Program, i
only non-employee directors may participate, a new eligible director will receive an initial grant of $50,000 worth
or, at the discretion of the Board, options to acquire shares of Common Stock. RSUs granted under this provision
valued based on the average of the closing prices of the Common Stock for the five trading days preceding and inc
date of grant and will vest at a rate determined by the Board in its discretion. Options granted under this provision
valued at the exercise price, which will be based on the average of the closing prices of the Common Stock for the
trading days preceding and including the date of grant. Such options will have a term of ten years and will vest at a
determined by the Board in its discretion.

At the beginning of each fiscal year, each existing director eligible to participate in the 2012 Program will receive $35,000 worth of RSUs or, at the discretion of the Board, options to acquire shares of Common Stock. RSUs grant this provision will be valued based on the average of the closing prices of the Common Stock for the five trading d preceding and including the first day of the fiscal year (or preceding and including the date of grant, if such grant i on the first day of the fiscal year) and will vest at a rate determined by the Board in its discretion. Options granted provision will be valued at the exercise price, which will be based on the average of the closing prices of the Comm for the five trading days preceding and including the first day of the fiscal year (or preceding and including the dat if such grant is not made on the first day of the fiscal year). Such options will have a term of ten years and will ves determined by the Board in its discretion.

In lieu of per meeting fees, under the 2012 Program eligible directors will receive an annual Board retainer fee of $ The modified 2012 Program also provides for the following annual retainer fees: Audit Committee Chair - $5,000, Compensation Committee chair - $5,000, Nominating Committee Chair - $5,000, Audit Committee member - $4,0 Compensation Committee member - $4,000 and Lead independent director (currently an open position) - $15,000.

Dr. Fisher will be compensated $90,000 per year for his services as Chairman of the Board, which the Company's considers to be fees payable as a member of the Board or a Committee of the Board for purposes of Section 10A-3 rules promulgated under the Securities Exchange Act of 1934, as amended. To the extent payment of such fees are to not be fees payable as a member of the Board or a Committee of the Board, then the Board considers that Dr. Fi act as a member of its Audit Committee under Nasdaq Rule 5605(c)(2)(B) as the Board has determined that it is in interests of the Company and its stockholders for Dr. Fisher to continue to serve on its Audit Committee.

The RSU grants and the changes to the 2012 Program were approved and recommended by our Compensation Co
prior to approval by the Board.

RSUs outstanding that have vested and are expected to vest as of March 31, 2018 are as follows:

	Number of RSUs
Vested	46,125
Expected to vest	322,875
Total	369,000

Additionally, during the fiscal year ended March 31, 2018, we terminated a previously recorded but unissued share
of 68,000 shares under a fully vested restricted stock grant to our CEO and issued to him 32,674 shares as a net se
shares and the Company paid the withholding taxes associated with that share issuance in return for the cancellatio
35,326 shares. The compensation cost of that restricted stock grant had been fully recorded over prior fiscal years,
no expense was recorded regarding this net issuance.

During the fiscal year ended March 31, 2018, 168,309 RSUs held by our outside directors were exchanged into the
number of shares of our common stock. As three of our four outside directors elected to return 40% of their RSU's
exchange for cash in order to pay their withholding taxes on the share issuances, 44,983 of the RSUs were cancelle
paid a total of $52,998 in cash to those two outside directors.

Also during the fiscal year ended March 31, 2018, 184,500 RSUs held by our executives were exchanged into the
number of shares of our common stock. Upon vesting, the RSUs held by our executives were net share-settled to c
required withholding tax and the remaining amount is converted into an equivalent number of shares of common s
payments for the employees' tax obligations to the taxing authorities are reflected as a financing activity within the
Consolidated Statements of Cash Flows. These net-share settlements had the effect of share repurchases by the Co
they reduced and retired the number of shares that would have otherwise been issued as a result of the vesting and
represent an expense to the Company. As a result of the net share-settlements, 97,238 of the RSUs were cancelled
issued a net 87,262 shares to our executives.

STAND-ALONE GRANTS

From time to time our Board of Directors grants common stock or common share purchase options or warrants to s
directors, officers, employees and consultants as equity compensation to such persons on a stand-alone basis outsi
of our formal stock plans. The terms of these grants are individually negotiated.

STOCK OPTION ACTIVITY

During the fiscal year ended March 31, 2018, we issued options to four of our employees to purchase 34,500 share
common stock at a price of $1.68 per share, the closing price on the date of the approval of the option grants by ou
compensation committee. There were no stock option grants during the fiscal year ended March 31, 2017.

The following is a summary of the stock options outstanding at March 31, 2018 and 2017 and the changes during t
then ended:

	Fiscal Year Ended March 31,			
	2018		2017	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
Outstanding, beginning of year	432,047	$ 10.98	438,547	$ 10.94
Granted	34,500	$ 1.68	–	$ N/A
Exercised	–	N/A	–	$ N/A
Cancelled/Forfeited	(57,500)	$ 15.87	(6,500)	$ 7.96
Outstanding, end of year	409,047	$ 9.51	432,047	$ 10.98
Exercisable, end of year	382,047	$ 10.07	414,547	$ 11.24
Weighted average estimated fair value of options granted		$ 1.46		$ N/A

The detail of the options outstanding and exercisable as of March 31, 2018 is as follows:

	Options Outstanding			Options Exercisable	
Exercise Prices	Number Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number Outstanding	Weighted Average Exercise Price
$1.68 - $9.50	211,047	6.26 years	$ 5.42	184,047	$ 5.96
$12.50	163,000	2.39 years	$ 12.50	163,000	$ 12.50
$20.50	35,000	0.42 years	$ 19.03	35,000	$ 19.03
	409,047			382,047	

We recorded stock-based compensation expense related to restricted stock unit issuances and to options granted to $1,260,769 and $2,186,309 for the fiscal years ended March 31, 2018 and 2017, respectively. These expenses were as stock compensation included in payroll and related expenses in the accompanying consolidated statement of op for the years ended March 31, 2018 and 2017.

Our total stock-based compensation for fiscal years ended March 31, 2018 and 2017 included the following:

	Fiscal Year Ended	
	March 31, 2018	March 31, 2017
Vesting of restricted stock units	$1,212,794	$2,076,535
Vesting of stock options	47,975	109,774
Total Stock-Based Compensation	$1,260,769	$2,186,309

We review share-based compensation on a quarterly basis for changes to the estimate of expected award forfeiture actual forfeiture experience. The cumulative effect of adjusting the forfeiture rate for all expense amortization is re in the period the forfeiture estimate is changed. The effect of forfeiture adjustments for the fiscal year ended March was insignificant.

As of March 31, 2018, we had $1,900,983 of remaining unrecognized stock-based compensation expense, which i to be recognized over a weighted average remaining vesting period of 1.27 years.

On March 31, 2018, our stock options had a negative intrinsic value since the closing price on that date of $1.19 pe
was below the weighted average exercise price of our stock options.

6. RELATED PARTY TRANSACTIONS

DUE TO RELATED PARTIES

Historically, certain of our officers and other related parties have advanced us funds, agreed to defer compensation
paid expenses on our behalf to cover working capital deficiencies. There were no such related party transactions du
fiscal year ended March 31, 2018 except that we had accrued unpaid Board fees of $60,750 owed to our outside di
of March 31, 2018.

7. OTHER CURRENT LIABILITIES

Other current liabilities were comprised of the following items:

	March 31, 2018	March 31, 2017
Accrued interest	$55,701	$5,391
Accrued professional fees	207,440	64,076
Total other current liabilities	$263,141	$69,467

8. INCOME TAXES

On December 22, 2017, Public Law No. 115-97, commonly referred to as the 2017 Tax Act, was enacted into law. Tax Act includes a number of changes to existing U.S. tax laws that impact the Company, most notably a reductio U.S. corporate income tax rate from 35% to 21% for tax years beginning after December 31, 2017.

ASC 740 requires the Company to recognize the effect of the 2017 Tax Act in the first interim period including the enactment. The tax rate change was administratively effective at the beginning of the Company's 2018 fiscal year blended statutory federal rate for the annual period. As a result, the blended federal statutory tax rate for fiscal yea is 30.75%. The lower federal corporate tax rate also required the Company to remeasure its U.S. deferred tax asset liabilities as well as reassess the realizability of its deferred tax assets and liabilities. The Company recognized the tax effects in its fiscal 2018 financial statements in accordance with SAB 118 as described in Note 2. . In accordan SAB 118, the Company recorded a decrease in its net deferred tax assets of $7.6 million with a corresponding decr valuation allowance to account for this rate reduction.

For the years ended March 31, 2018 and 2017, we had no income tax expense due to our net operating losses and deferred tax asset valuation allowance.

At March 31, 2018 and 2017, we had net deferred tax assets as detailed below. These deferred tax assets are prima composed of capitalized research and development costs and tax net operating loss carryforwards. Due to uncertai surrounding our ability to generate future taxable income to realize these assets, a 100% valuation has been establi offset the net deferred tax assets.

Significant components of our net deferred tax assets at March 31, 2018 and 2017 are shown below:

	YEAR ENDED MARCH 31,	
	2018	2017
Deferred tax assets:		
Capitalized research and development	$3,442,000	$3,442,000
Net operating loss carryforwards	16,257,000	22,060,000
Stock compensation	575,000	318,000
Total deferred tax assets	20,274,000	25,820,000
Total deferred tax liabilities	–	–

Net deferred tax assets	20,274,000	25,820,000
Valuation allowance for deferred tax assets	(20,274,000)	(25,820,000)
Net deferred tax assets	$–	$–

At March 31, 2018, we had tax net operating loss carryforwards for federal and state purposes approximating $61 and $49 million, which begin to expire in the year 2021.

The provision for income taxes on earnings subject to income taxes differs from the statutory federal rate for the y
March 31, 2018 and 2017 due to the following:

	2018	2017
Income taxes (benefit) at federal statutory rate of 30.75%	$(1,753,000)	$(2,484,000)
State income tax, net of federal benefit	(349,000)	(438,000)
Tax effect on non-deductible expenses and credits	74,000	382,000
Change in valuation allowance[1]	(5,546,000)	2,540,000
Change in tax rate	7,574,000	
	$–	$–

(1) Pursuant to Internal Revenue Code Sections 382, use of our tax net operating loss carryforwards may be limite

ASC 740, “Income Taxes”, clarifies the accounting for uncertainty in income taxes recognized in an entity's financ
statements, and prescribes recognition thresholds and measurement attributes for financial statement disclosure of
positions taken or expected to be taken on a tax return. Under ASC 740, the impact of an uncertain income tax pos
the income tax return must be recognized at the largest amount that is more-likely-than-not to be sustained upon au
relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likeliho
being sustained. Additionally, ASC 740 provides guidance on derecognition, classification, interest and penalties,
in interim periods, disclosure and transition. Our practice is to recognize interest and/or penalties related to income
matters in income tax expense. During the years ended March 31, 2018 and 2017, we did not recognize any interes
penalties relating to tax matters.

At and for the years ended March 31, 2018 and 2017, management does not believe the Company has any uncertai
positions. Accordingly, there are no unrecognized tax benefits at March 31, 2018 or March 31, 2017.

Our tax returns remain open for examination by the applicable authorities, generally 3 years for federal and 4 years
We are currently not under examination by any taxing authorities

9. GOVERNMENT CONTRACTS AND RELATED REVENUE RECOGNITION

National Institutes of Health (“NIH”)

We entered into a contract with the NIH on September 15, 2017. This award is under the NIH's Small Business In
Research (SBIR) program which is designed to fund early stage small businesses that are seeking to commercializ
innovative biomedical technologies. The title of the award is SBIR Topic 359 Phase 1 Device Strategy for Selectiv
of Oncosomes and Non-Malignant Exosomes.

The award from NIH is a firm, fixed-price contract with potential total payments to us of $299,250 over the course
months.

Fixed price contracts require the achievement of multiple, incremental milestones to receive the full award during
period of the contract. The NIH also has the unilateral right to require us to perform additional work under an optio
for an additional fixed amount of $49,800.

Under the terms of the contract, we must perform certain incremental work towards the achievement of specific m against which we will invoice the government for fixed payment amounts.

In the fiscal year ended March 31, 2018, we performed work under the contract completing the majority of the firs technical objectives of the contract (Aim 1: To validate the Hemopurifier as a device for capture and recovery of n exosomes from plasma and Aim 2: To validate a method of melanoma exosome isolation consisting of the Hemop followed by mab-based immunocapture to select out the tumor-derived exosomes from non-malignant exosomes). result we invoiced NIH for $149,625.

Defense Advanced Research Projects Agency ("DARPA")

As discussed in Note 1, we entered into a contract with DARPA on September 30, 2011. Under the DARPA award been engaged to develop a therapeutic device to reduce the incidence of sepsis, a fatal bloodstream infection that o results in the death of combat-injured soldiers. The award from DARPA was a fixed-price contract with potential t payments to us of $6,794,389 over the course of five years. Fixed price contracts require the achievement of multip incremental milestones to receive the full award during each year of the contract. Under the terms of the contract, performed certain incremental work towards the achievement of specific milestones against which we invoiced the government for fixed payment amounts.

Originally, only the base year (year one of the contract) was effective for the parties; however, DARPA subsequen exercised its option on the remaining years of the contract. The milestones were comprised of planning, engineerin clinical targets, the achievement of which in some cases required the participation and contribution of third-party p under the contract. We commenced work under the contract in October 2011 and completed the contract in Septen

In February 2014, DARPA reduced the scope of our contract in years three through five of the contract. The reduc scope focused our research on exosomes, viruses and blood processing instrumentation. This scope reduction redu possible payments under the contract by $858,469 over years three through five.

In the fiscal year ended March 31, 2017, we invoiced the U.S. Government for the final two milestones under our contract in the aggregate amount of $387,438. In the fiscal year ended March 31, 2016, we invoiced the U.S. Gove four milestones under our DARPA contract in the amount of $863,011.

The details of those milestones were as follows:

Milestone 2.6.1.3 - Quantify the degree to which the MERS virus can be extracted from circulation in vitro using m
Hemopurifiers. The milestone payment was $193,719. Management considers this milestone to be substantive as i
dependent on the passage of time nor was it based solely on another party's efforts. We quantified the degree to wh
MERS virus can be extracted from circulation in vitro using miniature Hemopurifiers. The report was accepted by
contracting officer's representative and the invoice was submitted thereafter.

Milestone 2.6.1.4 – Prepare and present Final Report for DARPA. The milestone payment was $193,719. Manage
considers this milestone to be substantive as it was not dependent on the passage of time nor was it based solely or
party's efforts. We prepared and presented the Final Report for DARPA. The report was accepted by the contractin
representative and the invoice was submitted thereafter.

10. SEGMENTS

We operate our businesses principally through two reportable segments: Aethlon, which represents our therapeutic activities, and ESI, which represents our diagnostic business activities. Our reportable segments have been determi on the nature of the potential products being developed. We record discrete financial information for ESI and our c operating decision maker reviews ESI's operating results in order to make decisions about resources to be allocate segment and to assess its performance.

Aethlon's revenue is generated primarily from government contracts to date and ESI does not yet have any revenu have not included any allocation of corporate overhead to the ESI segment.

The following tables set forth certain information regarding our segments:

	Fiscal Years Ended March 31,	
	2018	2017
Revenues:		
Aethlon	$149,625	$392,073
ESI	–	–
Total Revenues	$149,625	$392,073
Operating Losses:		
Aethlon	$(4,729,719)	$(5,945,293)
ESI	(101,397)	(153,064)
Total Operating Loss	$(4,831,116)	$(6,098,357)
Net Losses:		
Aethlon	$(5,598,440)	$(7,153,662)
ESI	(101,397)	(153,064)
Net Loss Before Non-Controlling Interests	$(5,699,837)	$(7,306,726)
Cash:		
Aethlon	$6,972,450	$1,558,667
ESI	1,620	1,034
Total Cash	$6,974,070	$1,559,701
Total Assets:		
Aethlon	$7,350,284	$1,698,249
ESI	1,620	28,119

Total Assets	$7,351,904	$1,726,368
Capital Expenditures:		
Aethlon	$24,823	$16,433
ESI	–	–
Capital Expenditures	$24,823	$16,433
Depreciation and Amortization:		
Aethlon	$35,658	$22,370
ESI	--	10,043
Total Depreciation and Amortization	$35,658	$32,413
Interest Expense:		
Aethlon	$361,597	$304,330
ESI	–	–
Total Interest Expense	$361,597	$304,330

11. SUBSEQUENT EVENTS

Management has evaluated events subsequent to March 31, 2018 through the date that the accompanying consolid financial statements were filed with the Securities and Exchange Commission for transactions and other events wh require adjustment of and/or disclosure in such financial statements.

NIH Contract -- In April 2018, we invoiced NIH for $74,813 under the NIH contract and received $74,813 relate invoice that we billed in the March 2018 quarter. In May 2018, we invoiced NIH an additional $37,406 and also re $74,813 that we billed in April.

Restricted Stock Unit ("RSU") Issuances – In April 2018, 46,125 RSUs held by our executives were exchanged same number of shares of our common stock. As our executives elected to net settle a portion of their RSUs in exc the Company paying the related withholding taxes on the share issuance, 24,430 of the RSUs were cancelled, and a net 21,695 shares to our executives.

Office Lease Extension – In May 2018, we extended our office lease for an additional 39 months (see Note 12). T rental rate under the lease extension is $7,986 per month. Such lease expires in on August 31, 2021. We believe th facility will be satisfactory for our office needs over the term of the lease.

12. COMMITMENTS AND CONTINGENCIES

EMPLOYMENT CONTRACTS

We entered into an employment agreement with our Chief Executive Officer ("CEO") effective April 1, 1999. The which is cancelable by either party upon sixty days' notice, will be in effect until the CEO retires or ceases to be e us. Under the terms of the agreement, if the CEO is terminated he may become eligible to receive a salary continua payment in the amount of at least twelve months' base salary, which was increased to $385,000 per year in Septem

LEASE COMMITMENTS

We currently lease approximately 2,600 square feet of executive office space at 9635 Granite Ridge Drive, Suite 1
Diego, California 92123 under a 39-month gross plus utilities lease that commenced on December 1, 2014 and wa
in May 2018 (see Note 11). The initial rental rate under the lease extension is $7,986 per month. Such lease expire
August 31, 2021. We believe this leased facility will be satisfactory for our office needs over the term of the lease.

We also rent approximately 1,700 square feet of laboratory space at 11585 Sorrento Valley Road, Suite 109, San D
California 92121 at the rate of $4,548 per month on a one-year lease that expires on November 30, 2018. Our curr
are to renew the lease prior to expiration or to secure alternative lab space in the San Diego area.

Rent expense, which is included in general and administrative expenses, approximated $136,000 and $151,000 for
years ended March 31, 2017 and 2016, respectively.

As of March 31, 2018, our commitments under the lease agreements are as follows:

	2019	2020
9635 Granite Ridge Drive, Suite 100, San Diego, CA 92123 office lease	$6,620	$ –
11585 Sorrento Valley Road, Suite 109, San Diego, CA 92121 office lease	36,380	–
Total Lease Commitments	$43,000	$ –

Following an extension in May 2018 of our lease relating to our Granite Ridge Drive space (see Note 11), our com
under our lease agreements are as follows:

	Fiscal Years Ending March 31,			
	2019	2020	2021	2022
9635 Granite Ridge Drive, Suite 100, San Diego, CA 92123 office lease	$94,543	$98,902	$98,622	$102,074
11585 Sorrento Valley Road, Suite 109, San Diego, CA 92121 office lease	36,380	–	–	–
Total Lease Commitments	$130,923	$98,902	$98,622	$102,074

LEGAL MATTERS

From time to time, claims are made against us in the ordinary course of business, which could result in litigation. C
associated litigation are subject to inherent uncertainties and unfavorable outcomes could occur, such as monetary
fines, penalties or injunctions prohibiting us from selling one or more products or engaging in other activities.

The occurrence of an unfavorable outcome in any specific period could have a material adverse effect on our resul
operations for that period or future periods. We are not presently a party to any pending or threatened legal proceed

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AETHLON MEDICAL, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2018 (Unaudited)	Mar 2018
ASSETS		
Current assets		
Cash	$5,078,605	$6,9
Accounts receivable	–	74
Prepaid expenses and other current assets	89,343	18
Total current assets	5,167,948	7,2
Property and equipment, net	16,094	27
Patents, net	71,250	75
Deposits	17,131	18
Total assets	$5,272,423	$7,3
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$91,879	$12
Due to related parties	98,866	90
Convertible notes payable, net	901,727	–
Other current liabilities	168,356	26
Total current liabilities	1,260,828	47
Convertible notes payable, net	–	84
Total liabilities	1,260,828	1,3
Commitments and Contingencies (Note 13)		
Stockholders' Equity		
Common stock, par value $0.001 per share; 30,000,000 shares authorized as of September 30, 2018 and March 31, 2018; 17,834,560 and 17,739,511 shares issued and outstanding as	17,835	17

of September 30, 2018 and March 31, 2018, respectively		
Additional paid-in capital	106,107,157	10
Accumulated deficit	(101,997,287)	(9
Total Aethlon Medical, Inc. stockholders' equity before noncontrolling interests	4,127,705	6,1
Noncontrolling interests	(116,110)	(1
Total stockholders' equity	4,011,595	6,0
Total liabilities and stockholders' equity	$5,272,423	$7,3

See accompanying notes.

AETHLON MEDICAL, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three and Six Month Periods Ended September 30, 2018 and 2017

(Unaudited)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Six Months Ended September 30, 2018	Six Months Ended September 30, 2017
REVENUES				
Government contract revenue	$–	$–	$149,625	$–
OPERATING EXPENSES				
Professional fees	403,044	383,178	852,479	7
Payroll and related expenses	672,279	618,081	1,274,844	1
General and administrative	271,631	234,914	466,528	4
Total operating expenses	1,346,954	1,236,173	2,593,851	2
OPERATING LOSS	(1,346,954)	(1,236,173)	(2,444,226)	(
OTHER EXPENSE				
Interest and other debt expenses	55,106	61,979	110,210	2
Loss on share for warrant exchanges	–	10,425	–	1
Loss on debt extinguishment	–	–	–	3
Total other expense	55,106	72,404	110,210	7
NET LOSS	(1,402,060)	(1,308,577)	(2,554,436)	(
LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(8,715)	(4,671)	(14,864)	(
NET LOSS ATTRIBUTABLE TO AETHLON MEDICAL, INC.	$(1,393,345)	$(1,303,906)	$(2,539,572)	$(
BASIC AND DILUTED LOSS PER COMMON SHARE	$(0.08)	$(0.14)	$(0.14)	$(

WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING – BASIC AND DILUTED	17,789,236	9,032,157	17,771,918	8

See accompanying notes.

AETHLON MEDICAL, INC. AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Six Months Ended September 30, 2018 and 2017

(Unaudited)

	Six Months Ended September 30, 2018	Si En Se 30
Cash flows from operating activities:		
Net loss	$(2,554,436)	$(
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	16,040	1
Stock based compensation	599,658	5
Common stock issued for services	19,350	3
Loss on share for warrant exchanges	–	1
Loss on debt extinguishment	–	3
Amortization of debt discount	60,574	1
Changes in operating assets and liabilities:		
Accounts receivable	74,813	–
Prepaid expenses and other current assets	93,163	(
Accounts payable and other current liabilities	(127,358)	(
Due to related parties	8,500	(
Net cash used in operating activities	(1,809,696)	(
Cash flows from investing activities:		
Purchases of property and equipment	–	(
Net cash used in investing activities	–	(
Cash flows from financing activities:		
Proceeds from the issuance of common stock, net	–	1
Tax withholding payments for net share settlement of restricted stock units	(85,769)	(
Net cash (used in) provided by financing activities	(85,769)	1
Net decrease in cash	(1,895,465)	(
Cash at beginning of period	6,974,070	1
Cash at end of period	$5,078,605	$9
Supplemental disclosures of cash flow information:		

Cash paid during the period for:		
Interest	$95,388	$–
Supplemental disclosures of non-cash investing and financing activities:		
Issuance of shares under conversions of convertible notes payable and related accrued interest	$–	$3
Issuance of shares from vesting of restricted stock units	$58	$4

See accompanying notes.

AETHLON MEDICAL, INC. AND SUBSIDIARY

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

September 30, 2018

1. NATURE OF BUSINESS AND BASIS OF PRESENTATION

ORGANIZATION

Aethlon Medical, Inc. and subsidiary (collectively, “Aethlon”, the “Company”, “we” or “us”) is a medical technol
focused on addressing unmet needs in global health and biodefense. The Aethlon Hemopurifier® is an early clinic
therapeutic device designed for the single-use removal of life-threatening viruses from the circulatory system of in
individuals. We believe the Hemopurifier can be a part of the broad-spectrum treatment of life-threatening highly
glycosylated viruses that are not addressed with an already approved treatment countermeasure objectives set forth
U.S. Government to protect citizens from bioterror and pandemic threats. In small-scale or early feasibility human
the Hemopurifier has been administered to individuals infected with HIV, Hepatitis-C, and Ebola. Additionally, th
Hemopurifier has been validated to capture Zika virus, Lassa virus, MERS-CoV, Cytomegalovirus, Epstein-Barr v
Herpes Simplex virus, Chikungunya virus, Dengue virus, West Nile virus, Smallpox-related viruses, H1N1 Swine
H5N1 Bird Flu virus, and the reconstructed Spanish flu virus of 1918. In several cases, these validations were cond
collaboration with leading government or non-government research institutes. Domestically, we are focused on the
advancement of the Hemopurifier through investigational device exemptions (IDEs) approved by FDA. We recent
concluded a feasibility study to demonstrate the safety of our device in health-compromised individuals infected w
pathogen.

We are also the majority owner of Exosome Sciences, Inc. (ESI), a company focused on the discovery of exosoma
biomarkers to diagnose and monitor life-threatening diseases. Included among ESI’s endeavors is the advancemen
TauSome™ biomarker candidate to diagnose Chronic Traumatic Encephalopathy (CTE) in the living. ESI previou
documented that TauSome levels in former NFL players to be nine times higher than same age-group control subje

Successful outcomes of human trials will also be required by the regulatory agencies of certain foreign countries w
intend to sell this device. Some of our patents may expire before FDA approval or approval in a foreign country, if
obtained. However, we believe that certain patent applications and/or other patents issued more recently will help
proprietary nature of the Hemopurifier treatment technology.

Our executive offices are located at 9635 Granite Ridge Drive, Suite 100, San Diego, California 92123. Our teleph number is (858) 459-7800. Our website address is www.aethlonmedical.com.

Our common stock is listed on the Nasdaq Capital Market under the symbol “AEMD.”

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During the six months ended September 30, 2018, there have been no changes to our significant accounting policie described in our Annual Report on Form 10-K for the fiscal year ended March 31, 2018.

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial information and with instructions to Form 10-Q and Article 8 of the Securities and Exchange Commission (SEC) Regulation S-X. Acco they should be read in conjunction with the audited financial statements and notes thereto for the year ended Marc included in the Company's Annual Report on Form 10-K filed with the SEC on June 8, 2018. The accompanying u condensed consolidated financial statements include the accounts of Aethlon Medical, Inc. and its majority-owned subsidiary. All significant inter-company transactions and balances have been eliminated in consolidation. The una condensed consolidated financial statements contain all normal recurring accruals and adjustments that, in the opin management, are necessary to present fairly the condensed consolidated financial statements as of and for the six m ended September 30, 2018, and the condensed consolidated statement of cash flows for the six months ended Sept 2018. Estimates were made relating to useful lives of fixed assets, impairment of assets, share-based compensation and accruals for clinical trial and research and development expenses. Actual results could differ materially from t estimates. The accompanying condensed consolidated balance sheet at March 31, 2018 has been derived from the consolidated balance sheet at March 31, 2018, contained in the above referenced 10-K. The results of operations fo months ended September 30, 2018 are not necessarily indicative of the results to be expected for the full year or an interim periods.

LIQUIDITY

Management expects existing cash as of September 30, 2018 to be sufficient to fund the Company’s operations for twelve months from the issuance date of these condensed consolidated financial statements.

2. LOSS PER COMMON SHARE

Basic loss per share is computed by dividing net loss by the weighted average number of common shares outstandi the period of computation. The weighted average number of common shares outstanding for the three and six mon September 30, 2018 and 2017 includes 46,125 vested restricted stock units. Diluted loss per share is computed sim basic loss per share except that the denominator is increased to include the number of additional dilutive common would have been outstanding if potential common shares had been issued, if such additional common shares were Since we had net losses for all periods presented, basic and diluted loss per share are the same, and additional pote common shares have been excluded as their effect would be antidilutive.

As of September 30, 2018 and 2017, a total of 6,556,699 and 3,725,423 potential common shares, consisting of sh underlying outstanding stock options, warrants, unvested restricted stock units and convertible notes payable were as their inclusion would be antidilutive.

3. RESEARCH AND DEVELOPMENT EXPENSES

Our research and development costs are expensed as incurred. We incurred research and development expenses du
three and six month periods ended September 30, 2018 and 2017, which are included in various operating expense
in the accompanying condensed consolidated statements of operations. Our research and development expenses in
periods were as follows:

	September 30, 2018	September 30, 2017
Three months ended	$ 207,782	$ 168,570
Six months ended	$ 402,566	$ 333,433

4. FUTURE ACCOUNTING PRONOUNCEMENTS

ASU 2016-02, Leases (Topic 842) changes the existing accounting standards for lease accounting, including requi
lessees to recognize most leases on their balance sheets and making targeted changes to lessor accounting. ASU 20
effective for annual periods beginning after December 15, 2018, including interim periods within those fiscal years
adoption of ASU 2016-02 as of its issuance is permitted. We do not expect the adoption of ASU No. 2016-02 to ha
significant impact on our consolidated financial statements.

5. CONVERTIBLE NOTES PAYABLE, NET

Convertible Notes Payable, Net consisted of the following at September 30, 2018:

	Principal	Unamortized Discount	Net Amount	Accrued Interest
Convertible Notes Payable, Net:				
November 2014 10% Convertible Notes (due July 1, 2019)	$612,811	$ (56,098)	$556,713	$ 6,668
December 2016 10% Convertible Notes (due July 1, 2019)	379,780	(34,766)	345,014	3,275
Total Convertible Notes Payable, Net	$992,591	$ (90,864)	$901,727	$ 9,943

During the six months ended September 30, 2018, we recorded interest expense of $49,630 related to the contractu
rates of our convertible notes and interest expense of $60,574 related to the amortization of the note discount for a
interest expense of $110,204 related to our convertible notes in the six months ended September 30, 2018. All of th
unamortized discount at September 30, 2018 related to the note discount established upon the June 2017 amendme
November 2014 10% Convertible Notes and to the December 2016 10% Convertible Notes (see below).

Convertible Notes Payable, Net consisted of the following at March 31, 2018:

	Principal	Unamortized Discount	Net Amount	Accrued Interest
Convertible Notes Payable, Net – Non-Current Portion:				
November 2014 10% Convertible Notes (due July 1, 2019)	$612,811	$ (93,590)	$519,221	$34,386
December 2016 10% Convertible Notes (due July 1, 2019)	379,780	(57,848)	321,932	21,315
Total Convertible Notes Payable, Net	$992,591	$ (151,438)	$841,153	$55,701

During the six months ended September 30, 2017, we recorded interest expense of $62,826 related to the contractu
rates of our convertible notes and interest expense of $185,089 related to the amortization of the note discount for
interest expense of $247,915 related to our convertible notes in the six months ended September 30, 2017. All of th
unamortized discount at March 31, 2018 related to the note discount established upon the June 2017 amendment to
November 2014 10% Convertible Notes and the December 2016 10% Convertible Notes (see below).

NOVEMBER 2014 10% CONVERTIBLE NOTES

In November 2014, we entered into a subscription agreement with two accredited investors providing for the issua
sale of (i) convertible promissory notes in the aggregate principal amount of $527,780 (the “Notes”) and (ii) five y
to purchase up to 47,125 shares of common stock at a fixed exercise price of $8.40 per share (the “Warrants”). The
bear interest at the annual rate of 10% and originally matured on April 1, 2016.

The aggregate gross cash proceeds to us were $415,000 after subtracting legal fees of $35,000, a $27,780 due dilig and an original issuance discount of $50,000. We recorded deferred financing costs of $112,780 to reflect the legal diligence fee and original issuance discount and will amortize those costs over the life of the Notes using the effec interest method.

These Notes are convertible at the option of the holders into shares of our common stock at a fixed price of $5.60 p for up to an aggregate of 94,246 shares of common stock. There are no registration requirements with respect to th common stock underlying the Notes or the Warrants.

The estimated relative fair value of Warrants issued in connection with the Notes was recorded as a debt discount a amortized as additional interest expense over the term of the underlying debt. We recorded debt discount of $240,1 on the relative fair value of these Warrants. In addition, as the effective conversion price of the Notes was less than price of the underlying common stock on the date of issuance, we recorded an additional debt discount of $287,647 the beneficial conversion feature.

Initial Amendment of the November 2014 10% Convertible Note Terms

On November 12, 2015, we entered into an amendment of terms ("Amendment of Terms") with the two investors participated in the November 2014 10% Convertible Notes. The Amendment of Terms modified the terms of the subscription agreement, Notes and Warrants held by those investors to, among other things, extended the maturity Notes from April 1, 2016 to June 1, 2016, temporarily reduced the number of shares that we must reserve with resp conversion of the Notes, and temporarily suspended the time period during which one of the investors may exercis Warrants. In exchange for the investors' agreements in the Amendment of Terms, we paid one of the investors a ca $90,000, which we recorded as deferred financing costs and amortized over the remaining term of the notes.

Second Amendment and Extension of the November 2014 10% Convertible Notes

On June 27, 2016, we and certain investors entered into further Amendments (the "Amendments") to the Notes an Warrants. The Amendments provide that the Maturity Date (as defined in the Notes) was extended from June 1, 20 1, 2017 and that the conversion price per share of the Notes was reduced from $5.60 per share of common stock to share of common stock. In addition, we reduced the purchase price (as defined in the Warrants) from $8.40 per sha $5.00 per share of common stock. In connection with these modifications, each of the investors signed a Consent a providing its consent under certain restrictive provisions, and waiving certain rights, including a right to participate offerings made by us, under a Securities Purchase Agreement dated June 23, 2015, (the "2015 SPA") to which we investors and certain other investors are parties, in order to facilitate an at-the-market equity program (see Note 6).

The Amendments also increase the principal amount of the Notes to $692,811 (in the aggregate) to (i) include accr
unpaid interest through June 15, 2016, and (ii) increase the principal amount by $80,000 (in the aggregate) as an ex
fee for the extended maturity date of the Notes. With respect to each Note, we entered into an Allonge to Convertib
Promissory Note (each, an “Allonge”) reflecting the changes in the principal amount, Maturity Date and conversio
the Note.

We also issued to the investors new warrants (the “New Warrants”) to purchase an aggregate of 30,000 shares of c
stock with a Purchase Price (as defined in the New Warrants) of $5.00 per share of common stock. We issued the N
Warrants in substantially the same form as the prior Warrants, and the New Warrants will expire on November 6, 2
same date on which the prior Warrants will expire.

The modification of the Notes was evaluated under FASB Accounting Standards Codification ("ASC") Topic No. "Debt Modification and Extinguishments" ("ASC 470-50-40"). Therefore, according to the guidance, the instrume determined to be substantially different, and the transaction qualified for extinguishment accounting. As a result, w recorded a loss on debt extinguishment of $536,889 and recognized an extension fee expense of $80,000, which ar in other (income) expenses in the accompanying condensed consolidated statements of operations. The debt exting is comprised from the fair value of prior warrants issued in connection with the Notes of $287,676, as well as $325 related to beneficial conversion feature and offset by debt discount of $75,993. The beneficial conversion feature i of the effective conversion price of the new Notes being less than the market price of the underlying common stoc date of modification.

Third Amendment and Extension of the November 2014 10% Convertible Notes

In connection with the issuance of the December 2016 10% Convertible Notes, the conversion price of the Novem 10% Convertible Notes was reduced from $5.00 to $4.00 per share and the expiration date of the November 2014 Convertible Notes was extended from July 1, 2017 to July 1, 2018.

The modification of the Notes was evaluated under ASC 470-50-40 and the instruments were determined to be sub different, and the transaction qualified for extinguishment accounting. As a result, we recorded a gain on debt extinguishment of $58,691, which is included in other (income) expenses in the accompanying condensed consolid statements of operations. The recording of the modified Notes resulted in a beneficial conversion of $233,748 whi result of the effective conversion price of the new Notes being less than the market price of the underlying commo the date of modification.

June 2017 Amendment to the November 2014 10% Convertible Notes

In June 2017, we agreed with the holders of the November 2014 10% Convertible Notes to an extension of the exp dates of the notes from July 1, 2018 to July 1, 2019 in exchange for the reduction of the conversion price of those $4.00 per share to $3.00 per share. The modification of the Notes was evaluated under ASC 470-50-40 and the ins were determined to be substantially different, and the transaction qualified for extinguishment accounting. Under t extinguishment accounting we recorded a loss on debt extinguishment of $178,655 and recalculated a revised debt on the notes.

The following table shows the changes to the principal balance of the November 2014 10% Convertible Notes:

Activity in the November 2014 10% Convertible Notes	
Initial principal balance	$527,780
Increase in principal balance under the second amendment (see above)	165,031
Conversions during the fiscal year ended March 31, 2017	(80,000)
Balance as of September 30, 2018 and March 31, 2018	$612,811

DECEMBER 2016 10% CONVERTIBLE NOTES

In December 2016, we entered into a securities purchase agreement (the “Securities Purchase Agreement”) with tw
investors (collectively, the “Holders”), pursuant to which the Holders purchased an aggregate of $680,400 principa
Notes (inclusive of due diligence fee of $30,000 deemed paid as a subscription amount in the form of a Note in the
amount of $32,400) for an aggregate cash subscription amount of $600,000 and (b) warrants to purchase 127,575 s
Common Stock (collectively, the “Warrants”).

The Notes bear interest at the rate of 10% per annum, and the principal amount and all accrued and unpaid interest convertible into shares of our common stock at a $4.00 per share conversion price, which is subject to customary a provisions for stock splits, dividends, recapitalizations and the like. The Notes mature on July 1, 2018 and are subj customary and usual terms for events of default and the like. Each Holder has contractually agreed to restrict its ab convert its Note such that the number of shares of the Common Stock held by the Holder and its affiliates after suc does not exceed 4.99% of our then issued and outstanding shares of Common Stock.

The Warrants issued to the Holders are exercisable for a period of five years from the date of issuance at an exerci $4.50, subject to adjustment. A Holder may exercise a Warrant by paying the exercise price in cash or by exercisin Warrant on a cashless basis. In the event a Holder exercises a Warrant on a cashless basis, we will not receive any The exercise price of the Warrants is subject to customary adjustments provision for stock splits, stock dividends, recapitalizations and the like. Each Holder has contractually agreed to restrict its ability to exercise its Warrant suc number of shares of the Common Stock held by the Holder and its affiliates after such exercise does not exceed 4.9 then issued and outstanding shares of Common Stock.

The estimated relative fair value of Warrants issued in connection with the Notes was recorded as a debt discount a being amortized as additional interest expense over the term of the underlying debt. We recorded debt discount of based on the relative fair value of these Warrants. In addition, as the effective conversion price of the Notes was le market price of the underlying common stock on the date of issuance, we recorded an additional debt discount of $ related to the beneficial conversion feature. We also recorded deferred financing costs of $102,940, which was cor an 8% original issue discount of $50,400, a $30,000 due diligence fee (which was paid in the form of a note), $22, legal fees, and a $40 bank charge. The combination of the above items led to a combined discount against the conv notes of $598,376.

June 2017 Amendment to the December 2016 10% Convertible Notes

In June 2017, we agreed with the holders of the December 2016 10% Convertible Notes to an extension of the exp dates of the notes from July 1, 2018 to July 1, 2019 in exchange for the reduction of the conversion price of those $4.00 per share to $3.00 per share. The modification of the notes was evaluated under ASC 470-50-40 and the inst were determined to be substantially different, and the transaction qualified for extinguishment accounting. Under t extinguishment accounting we recorded a loss on debt extinguishment of $198,254 and recalculated a revised debt on the notes.

The following table shows the changes to the principal balance of the December 2016 10% Convertible Notes:

Activity in the December 2016 10% Convertible Notes	
Initial principal balance	$680,400
Conversions during the fiscal year ended March 31, 2018	(300,620)
Balance as of September 30, 2018 and March 31, 2018	$379,780

6. EQUITY TRANSACTIONS IN THE SIX MONTHS ENDED SEPTEMBER 30, 2018

Shares Issued for Services

During the six months ended September 30, 2018, we issued 15,000 shares of restricted common stock at a price o
share, the market price at time of issuance, in payment for investor relations consulting services valued at $19,350
the value of the services provided.

Restricted Stock Unit Grants to Executive Officers and Directors

During the six months ended September 30, 2018, 148,401 Restricted Stock Units ("RSUs") held by our executive
directors were exchanged into the same number of shares of our common stock. As our executives and certain of o
directors elected to net settle a portion of their RSU's in exchange for the Company paying the related withholding
in the case of directors issuing the cash equivalent of the estimated withholding taxes) on the share issuance, 68,35
RSUs were cancelled and we issued a net 80,049 shares to our executives and directors (see Note 9).

On June 14, 2018, our Board of Directors approved the issuances of additional RSUs to certain officers and directo
Note 9).

7. RELATED PARTY TRANSACTIONS

DUE TO RELATED PARTIES

During the six months September 30, 2018 we accrued unpaid Board fees of $69,750 owed to our outside directors
September 30, 2018.

8. OTHER CURRENT LIABILITIES

Other current liabilities were comprised of the following items:

	September 30, 2018	March 31, 2018
Accrued interest	$9,943	$55,701
Accrued professional fees	158,413	207,440
Total other current liabilities	$168,356	$263,141

9. STOCK COMPENSATION

The following tables summarize share-based compensation expenses relating to RSUs and options granted and the
basic and diluted loss per common share during the three and six month periods ended September 30, 2018 and 20

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Six Months Ended September 30, 2018	S E S 3 2
Vesting of stock options and restricted stock units	$336,496	$283,534	$599,658	$
Total stock-based compensation expense	$336,496	$283,534	$599,658	$

Weighted average number of common shares outstanding – basic and diluted	17,789,236	9,032,157	17,771,918	
Basic and diluted loss per common share attributable to stock-based compensation expense	$(0.02)	$(0.03)	$(0.03)	$

All of the stock-based compensation expense recorded during the six months ended September 30, 2018 and 2017 totaled $599,658 and $564,445, respectively, is included in payroll and related expense in the accompanying conde consolidated statements of operations. Stock-based compensation expense recorded during the six months ended S 30, 2018 and 2017 represented an impact on basic and diluted loss per common share of $(0.03) and $(0.06), respe

We review share-based compensation on a quarterly basis for changes to the estimate of expected award forfeiture actual forfeiture experience. The cumulative effect of adjusting the forfeiture rate for all expense amortization is re in the period the forfeiture estimate is changed. The effect of forfeiture adjustments for the six months ended Septe 2018 was insignificant.

Restricted Stock Unit Grants to Directors and Executive Officers

On August 9, 2016, our Board of Directors (the "Board") granted RSUs to certain of our officers and directors. Th represent the right to be issued on a future date shares of our common stock for vested RSUs. Our Compensation C recommended the grants based on a compensation assessment provided by a third-party compensation consulting f engaged by us that developed a peer group of companies for market assessment and analyzed compensation at such companies.

On June 14, 2018, our Board approved the issuances of additional RSUs of $35,000 in value to each of our indepe directors per the 2012 Non-Employee Directors Compensation Program (the "2012 Program") as the stock-based compensation element of their overall directors' compensation for the fiscal year ending March 31, 2019. The Boa approved the issuance of $50,000 of RSUs to a prospective director, if he chose to join our Board again per the 20 Program. Finally, the Board approved the issuance of $30,000 of RSU's to our Chief Financial Officer. The Board called for all of those RSUs to be priced based on the five day trailing averages of our closing stock price leading u acceptance of the Board seat by the prospective director, which occurred on June 19, 2018. That average price was share for the RSU calculations. Therefore, a total of 107,196 RSUs were issued to our existing independent directo RSUs were issued to Mr. Cipriani and 22,971 RSUs were issued to our Chief Financial Officer. All of those RSUs ratably on September 30, 2018, December 31, 2018 and March 31, 2019.

The above noted RSUs were granted under our Amended 2010 Stock Incentive Plan and we recorded expense of $ the six months ended September 30, 2018 related to the RSU grants.

RSUs outstanding that have vested and are expected to vest as of September 30, 2018 are as follows:

	Number of RSUs
Vested	46,125
Expected to vest	342,926
Total	389,051

During the six months ended September 30, 2018, 148,401 RSUs held by our executives and directors were excha the same number of shares of our common stock. As our executives and certain of our directors elected to net settl of their RSU's in exchange for the Company paying the related withholding taxes (or in the case of directors issuin equivalent of the estimated withholding taxes) on the share issuance, 68,352 of the RSUs were cancelled and we is 80,049 shares to our executives.

Stock Option Activity

There were no stock option grants during the six months ended September 30, 2018. During the six months ended
30, 2017, we issued options to four of our employees to purchase 34,500 shares of common stock at a price of $1.6
share, the closing price on the date of the approval of the option grants by our compensation committee.

Options outstanding that have vested and are expected to vest as of September 30, 2018 are as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term in Years
Vested	356,047	$ 8.83	3.84
Expected to vest	18,000	$ 1.68	8.71
Total	374,047		

The following outlines the significant weighted average assumptions used to estimate the fair value information pr
with respect to stock option grants utilizing the Binomial Lattice option pricing models at, and during the six mont
September 30, 2017:

Risk free interest rate	2.21%
Average expected life	10 years
Expected volatility	92.14%
Expected dividends	None

The expected volatility was based on the historic volatility. The expected life of options granted was based on the
method" as described in the SEC's guidance due to changes in the vesting terms and contractual life of current opti
compared to our historical grants.

A summary of stock option activity during the six months ended September 30, 2018 is presented below:

	Amount	Range of Exercise Price	Weighted Average Exercise Price
Stock options outstanding at March 31, 2018	409,047	$1.68-$20.50	$ 9.51
Exercised	–	–	$ –
Granted	–	–	$ –
Cancelled/Expired	35,000	$20.50	$ 20.50
Stock options outstanding at September 30, 2018	374,047	$1.68 – $12.50	$ 8.48
Stock options exercisable at September 30, 2018	356,047	$1.68 – $12.50	$ 8.83

On September 30, 2018, our stock options had no intrinsic value since the closing price on that date of $1.18 per sh
below the weighted average exercise price of our stock options.

At September 30, 2018, there was approximately $1,476,992 of unrecognized compensation cost related to share-b
payments, which is expected to be recognized over a weighted average period of 1.1 years.

10. WARRANTS

During the six months ended September 30, 2018 and 2017, we did not issue any warrants.

A summary of warrant activity during the six months ended September 30, 2018 is presented below:

	Amount	Range of Exercise Price	Weighted Average Exercise Price
Warrants outstanding at March 31, 2018	5,922,571	$1.10 - $12.05	$ 1.83
Exercised	–	n/a	n/a
Issued	–	n/a	n/a
Cancelled/Expired	(463,146)	$2.10 – $6.25	$ 2.61
Warrants outstanding at September 30, 2018	5,459,425	$1.10 – $12.05	$ 1.77
Warrants exercisable at September 30, 2018	5,459,425	$1.10 – $12.05	$ 1.77

11. GOVERNMENT CONTRACTS AND RELATED REVENUE RECOGNITION

We entered into a contract with the National Cancer Institute, part of the National Institutes of Health ("NIH") on
15, 2017. This award is under the NIH's Small Business Innovation Research (SBIR) program which is designed t
early stage small businesses that are seeking to commercialize innovative biomedical technologies. The title of the
SBIR Topic 359 Phase 1 Device Strategy for Selective Isolation of Oncosomes and Non-Malignant Exosomes.

The award from NIH is a firm, fixed-price contract with potential total payments to us of $299,250 over the course
months.

Fixed price contracts require the achievement of multiple, incremental milestones to receive the full award during
period of the contract. The NIH also has the unilateral right to require us to perform additional work under an optio
for an additional fixed amount of $49,800.

Under the terms of the contract, we must perform certain incremental work towards the achievement of specific m
against which we will invoice the government for fixed payment amounts.

In the six months ended September 30, 2018, we performed work under the contract covering the remainder of the
objectives of the contract (Aim 1: To validate the Hemopurifier as a device for capture and recovery of melanoma
from plasma and Aim 2: To validate a method of melanoma exosome isolation consisting of the Hemopurifier foll
mab-based immunocapture to select out the tumor-derived exosomes from non-malignant exosomes and Aim 3: T
the functional integrity of melanoma exosomes purified by the Hemopurifier and immunocapture isolation steps).
we invoiced NIH for $149,625 during the six months ended September 30, 2018.

12. SEGMENTS

We operate our businesses principally through two reportable segments: Aethlon, which represents our therapeutic
activities, and ESI, which represents our diagnostic business activities. Our reportable segments have been determi
on the nature of the potential products being developed. We record discrete financial information for ESI and our c
operating decision maker reviews ESI's operating results in order to make decisions about resources to be allocate
segment and to assess its performance.

Aethlon’s revenue is generated primarily from government contracts to date and ESI does not yet have any revenu
have not included any allocation of corporate overhead to the ESI segment.

The following tables set forth certain information regarding our segments:

	Six Months Ended September 30,	
	2018	2017
Revenues:		
Aethlon	$149,625	$–
ESI	–	–
Total Revenues	$149,624	$–
Operating Losses:		
Aethlon	$(2,369,907)	$(2,373,066)
ESI	(74,319)	(23,356)
Total Operating Loss	$(2,444,226)	$(2,396,422)
Net Losses:		
Aethlon	$(2,480,117)	$(3,130,772)
ESI	(74,319)	(23,356)
Net Loss Before Non-Controlling Interests	$(2,554,436)	$(3,154,128)
Cash:		
Aethlon	$5,076,872	$919,612
ESI	1,733	460
Total Cash	$5,078,605	$920,072
Total Assets:		
Aethlon	$5,270,690	$1,118,433
ESI	1,733	27,545
Total Assets	$5,272,423	$1,145,978
Capital Expenditures:		
Aethlon	$–	$23,705
ESI	–	–
Capital Expenditures	$–	$23,705
Depreciation and Amortization:		
Aethlon	$16,040	$18,651
ESI	–	–
Total Depreciation and Amortization	$16,040	$18,651
Interest Expense:		
Aethlon	$(110,210)	$(250,583)
ESI	–	–
Total Interest Expense	$(110,210)	$(250,583)

13. COMMITMENTS AND CONTINGENCIES

LEASE COMMITMENTS

We currently lease approximately 2,600 square feet of executive office space at 9635 Granite Ridge Drive, Suite 1
Diego, California 92123 under a 39-month gross plus utilities lease that commenced on December 1, 2014 and exp
August 31, 2021. The current rental rate under the lease extension is $7,986 per month. We believe this leased faci
satisfactory for our office needs over the term of the lease.

We also rent approximately 1,700 square feet of laboratory space at 11585 Sorrento Valley Road, Suite 109, San D
California 92121 at the rate of $4,548 per month on a one-year lease that expires on November 30, 2018. In Octob
we entered into a lease extension for an additional twelve months running from December 1, 2018 through Novem
2019 at the rate of $4,700 per month (see Note 14).

Rent expense, which is included in general and administrative expenses, approximated $84,000 and $77,000 for th
month periods ended September 30, 2018 and 2017, respectively.

LEGAL MATTERS

From time to time, claims are made against us in the ordinary course of business, which could result in litigation. C
associated litigation are subject to inherent uncertainties and unfavorable outcomes could occur, such as monetary
fines, penalties or injunctions prohibiting us from selling one or more products or engaging in other activities.

The occurrence of an unfavorable outcome in any specific period could have a material adverse effect on our resul
operations for that period or future periods. We are not presently a party to any pending or threatened legal proceed

14. SUBSEQUENT EVENTS

Management has evaluated events subsequent to September 30, 2018 through the date that the accompanying cond consolidated financial statements were filed with the Securities and Exchange Commission for transactions and oth which may require adjustment of and/or disclosure in such financial statements.

In October 2018, we entered into a lease extension for our laboratory facility for an additional twelve months runn December 1, 2018 through November 30, 2019 at the rate of $4,700 per month (see Note 13).

In October 2018, 46,125 RSUs held by our executives were exchanged into the same number of shares of our com As our executives elected to net settle a portion of their RSU's in exchange for the Company paying the related wi taxes on the share issuance, 24,142 of the RSUs were cancelled and we issued a net 21,983 shares to our executive

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (from 10-K 3/31/18)

The following discussion and analysis should be read in conjunction with the consolidated Financial Statements ar
thereto appearing elsewhere in this Annual Report.

Overview

We are a medical device company focused on creating innovative devices that address unmet medical needs in glo
and biodefense. The Aethlon Hemopurifier® is a clinical-stage therapeutic device that eliminates life-threatening v
from the circulatory system of infected individuals.

In June 2013, the U.S. Food and Drug Administration, or FDA, approved our investigational device exemption app
initiate a ten-patient human clinical trial in one location in the U.S. to treat dialysis patients who are infected with t
Hepatitis C virus. Successful outcomes of that human trial as well as at least one follow-on human trial will be req
the FDA in order to commercialize our products in the U.S. The regulatory agencies of certain foreign countries w
intend to sell this device will also require one or more human clinical trials.

Some of our patents may expire before we receive FDA approval to market our products in the U.S. or we receive
to market our products in a foreign country. However, we believe that certain patent applications and/or other pate
more recently will help protect the proprietary nature of the Hemopurifier treatment technology.

Through our majority-owned subsidiary, Exosome Sciences, Inc., or Exosome, we are also studying potential diag
techniques for identifying and monitoring neurological conditions and cancer. We consolidate Exosome’s activitie
consolidated financial statements.

Fiscal Years Ended March 31, 2018 and 2017

Results of Operations

Revenues

We recorded government contract revenue in the fiscal years ended March 31, 2018 and 2017. This revenue arose work performed under our government contracts with the National Institutes of Health, or NIH, with the Defense A Research Projects Agency, or DARPA and our subcontract with Battelle Memorial Institute, or Battelle (both of w now completed), as follows:

	Fiscal Year Ended 3/31/18	Fiscal year Ended 3/31/17	Change in Dollars
NCI contract	$149,625	$–	$149,625
DARPA contract	–	387,438	(387,438)
Battelle subcontract	–	4,635	(4,635)
Total government contract revenue	$149,625	$392,073	$(242,448)

NCI Contract

We entered into a contract with the NIH on September 15, 2017. This award is under the NIH's Small Business In Research (SBIR) program which is designed to fund early stage small businesses that are seeking to commercializ innovative biomedical technologies. The title of the award is SBIR Topic 359 Phase 1 Device Strategy for Selectiv of Oncosomes and Non-Malignant Exosomes.

...

The award from NIH is a firm, fixed-price contract with potential total payments to us of $299,250 over the course
months.

Fixed price contracts require the achievement of multiple, incremental milestones to receive the full award during
period of the contract. The NIH also has the unilateral right to require us to perform additional work under an optio
for an additional fixed amount of $49,800.

Under the terms of the contract, we must perform certain incremental work towards the achievement of specific m
against which we will invoice the government for fixed payment amounts.

In the fiscal year ended March 31, 2018, we performed work under the contract completing the majority of the firs
technical objectives of the contract (Aim 1: To validate the Hemopurifier as a device for capture and recovery of n
exosomes from plasma and Aim 2: To validate a method of melanoma exosome isolation consisting of the Hemop
followed by mab-based immunocapture to select out the tumor-derived exosomes from non-malignant exosomes).
result we invoiced NIH for $149,625.

DARPA Contract

We entered into a contract with DARPA on September 30, 2011. Under the DARPA award, we were engaged to d
therapeutic device to reduce the incidence of sepsis, a fatal bloodstream infection that often results in the death of
combat-injured soldiers. The award from DARPA was a fixed-price contract with potential total payments to us of
$6,794,389 over the course of five years. Fixed price contracts require the achievement of multiple, incremental m
to receive the full award during each year of the contract. Under the terms of the contract, we performed certain in
work towards the achievement of specific milestones against which we invoiced the government for fixed paymen

Originally, only the base year (year one of the contract) was effective for the parties; however, DARPA subsequen
exercised its option on the remaining years of the contract. The milestones were comprised of planning, engineerin
clinical targets, the achievement of which in some cases required the participation and contribution of third-party p
under the contract. We commenced work under the contract in October 2011 and completed the contract in Septen

In February 2014, DARPA reduced the scope of our contract in years three through five of the contract. The reduc
scope focused our research on exosomes, viruses and blood processing instrumentation. This scope reduction redu
possible payments under the contract by $858,469 over years three through five.

In the fiscal year ended March 31, 2017, we invoiced the U.S. Government for the final two milestones under our
contract in the aggregate amount of $387,438. In the fiscal year ended March 31, 2016, we invoiced the U.S. Gove
four milestones under our DARPA contract in the amount of $863,011.

Battelle Subcontract

We entered into a subcontract agreement with Battelle in March 2013. Battelle was chosen by DARPA to be the p
contractor on the systems integration portion of the original DARPA contract, and we are one of several subcontra
that systems integration project. The Battelle subcontract is under a time and materials basis and we began generat
revenues under the subcontract in the three months ended September 30, 2013. That contract has now concluded.
Battelle subcontract was our first cost-reimbursable contract.

Our revenue under this contract was a function of cost reimbursement plus an overhead mark-up for hours devoted
project by specific employees (with specific hourly rates for those employees), for travel expenses related to the pr
any equipment purchased for the project and for the cost of any consultants hired by us to perform work on the pro
payment required approval by the program manager at Battelle.

Operating Costs and Expenses

Consolidated operating expenses were $4,980,741 for the fiscal year ended March 31, 2018 compared to $6,490,4 fiscal year ended March 31, 2017, a decrease of $1,509,689. The $1,509,689 decrease was due to reductions in pay related expenses of $844,410, in professional fees of $608,388 and in general and administrative expense of $56,8

The $844,410 decrease in payroll and related expenses was principally driven by a $925,540 decrease in our stock compensation due to the vesting of restricted stock units granted during the fiscal year, which was partially offset b $81,130 increase in cash payroll and related expenses due to headcount additions in our scientific staff.

The $608,388 decrease in our professional fees was due to reductions in our non-DARPA-related professional fees $545,694, in our DARPA-related professional fees of $38,928 and in Exosome's professional fees of $23,766. The factors in the $545,694 decrease in our non-DARPA-related professional fees were a $223,636 reduction in legal f a reduction in registration statement and financing activity in FY'18 compared to FY'17, a $145,692 reduction in c expense due to the conclusion of our clinical trial and a $114,000 reduction in business development expense. The factor in our $38,928 decrease in our DARPA-related professional fees was the completion of our DARPA contrac September 2016.

The $56,891 decrease in general and administrative expenses primarily arose from reductions in the general and administrative expenses in our DARPA-related activities of $101,757 and in the general and administrative expens Exosome of $29,664, which were partially offset by increases in our non-DARPA-related activities of $74,530.

Other Expense

In the fiscal year ended March 31, 2018, we recognized other expenses of $868,721 compared to $1,208,369 of oth expense in the fiscal year ended March 31, 2017. The following table breaks out the various components of our oth expense over the fiscal years ended March 31, 2018 and 2017:

	Components of Other Expense in Fiscal Year Ended		
	March 31, 2018	March 31, 2017	Change

Loss on debt extinguishment	$376,909	$558,198	$(181,289)
Loss on share for warrant exchanges	130,215	–	130,215
Interest and other debt expenses	361,597	304,330	57,267
Warrant repricing expense	–	345,841	(345,841)
Total other expense	$868,721	$1,208,369	$(339,648)

Loss on Debt Extinguishment

Our loss on debt extinguishment for the fiscal year ended March 31, 2018 arose from a $376,909 loss associated w
June 2017 amendments to our convertible notes. This compared to a loss of debt extinguishment of $558,198 for t
year ended March 31, 2017 - see below for additional information.

June 2017 Amendments – The $376,909 loss on debt extinguishment in the six months ended September 30, 2017 an Exchange Agreement with two institutional investors under which we issued 57,844 restricted shares in exchan cancellation of 77,125 warrants held by those investors (see Loss on Share for Warrant Exchanges below). Additio agreed with those investors that they would extend the expiration dates of the convertible notes held by those inves July 1, 2018 to July 1, 2019 in exchange for the reduction of the conversion price of those notes from $4.00 per sh $3.00 per share. The modification of the notes was evaluated under FASB Accounting Standards Codification ("A No. 470-50-40, "Debt Modification and Extinguishments". Therefore, according to the guidance, the instruments w determined to be substantially different, and the transaction qualified for extinguishment accounting.

June 2016 Amendments - This loss on debt extinguishment arose from the Amendments (the "Amendments") to o 2014 convertible notes The Amendments provided that the maturity date of the notes was extended from June 1, 2 1, 2017 and that the conversion price was reduced from $5.60 per share of common stock to $5.00 per share of co stock. In addition, we reduced the purchase price of warrants issued in connection with the notes from $8.40 per sh $5.00 per share. In connection with these modifications, each of the Investors signed a consent and waiver providi consent under certain restrictive provisions, and waiving certain rights, including a right to participate in certain of made by us, under a securities purchase agreement dated June 23, 2015, (the "2015 SPA") to which we, the Invest certain other investors are parties, in order to facilitate an at-the-market equity program described in the liquidity a resources section of this report below. This loss also included an $80,000 fee to extend the November 2014 conver from June 1, 2016 to July 1, 2017. The $80,000 amount was not a cash payment but rather was added to the princi notes.

This modification of the notes was also evaluated under ASC Topic No. 470-50-40, "Debt Modification and Extin Therefore, according to the guidance, the instruments were determined to be substantially different, and the transac qualified for extinguishment accounting.

Loss on Share for Warrant Exchanges

During the fiscal year ended March 31, 2018, we agreed with two individual investors to exchange 11,497 restricte for the cancellation of 22,993 warrants and we entered into an Exchange Agreement with two institutional investo which we issued 57,844 restricted shares in exchange for the cancellation of 77,125 warrants held by those investo Additionally, we entered into an agreement with a former placement agent to issue 5,500 restricted shares in excha the cancellation of 11,000 warrants held by that placement agent. We measured the fair value of the shares issued a value of the warrants exchanged for those shares and recorded losses for each of those exchanges based on the cha fair value between the instruments exchanged.

Loss on Warrant Repricing

On June 27, 2016, we and certain investors (the “Unit Investors”) entered into Consent and Waiver and Amendme agreements (the “CWAs”), relating to an aggregate of 264,000 Warrants to Purchase Common Stock (the “Unit W had issued to the Unit Investors on December 2, 2014 pursuant to a Securities Purchase Agreement dated Novemb 2014 (the “2014 SPA”). In the CWAs, each of the Unit Investors provided its consent under certain restrictive pro waived certain rights, including a right to participate in certain offerings made by us, under the 2014 SPA in order facilitate the at-the-market equity program described in the notes to the Financial Statements. Pursuant to the CWA reduced the Exercise Price (as defined in the Unit Warrants) from $15.00 per share of common stock to $5.00 per common stock.

On June 27, 2016, each of the Unit Investors also entered into a Consent and Waiver providing its consent under c provisions, and waiving certain rights, including a right to participate in certain offerings made by us, under the 20 order to facilitate the at-the market equity program described in the notes to the Financial Statements.

We measured the change in fair value that arose from the reduction in exercise price from $15.00 to $5.00 and rec charge of $345,841 to our other expense to reflect this change.

Interest and other debt expenses

Our interest and other debt expense increased by $57,267 from the fiscal year ended March 31, 2017 to the fiscal y
March 31, 2018. The following table breaks out the various components of our interest expense over the fiscal yea
March 31, 2018 and 2017:

	Components of Interest Expense and Other Debt Expenses in Fiscal Year Ended		
	March 31, 2018	March 31, 2017	Change
Interest expense	$115,934	$83,891	$32,043
Amortization of deferred financing costs	–	27,641	(27,641)
Amortization of note discounts	245,663	192,798	52,865
Total interest and other debt expenses	$361,597	$304,330	$57,267

As noted in the above table, the primary factors in the $57,267 overall increase in interest and other debt expenses
$52,865 increase in the amortization of note discounts and a $32,043 increase in interest expense, which were part
by decrease of $27,641 in the amortization of deferred financing costs.

As a result of the above factors, our net loss before noncontrolling interests decreased from $7,306,726 for the fisc
ended March 31, 2017 to $5,699,837 for the fiscal year ended March 31, 2018.

Liquidity and Capital Resources

At March 31, 2018, we had a cash balance of $6,974,070 and working capital of $6,752,293. This compares to a ca
balance of $1,559,701 and working capital of $985,496 at March 31, 2017. While we expect our current cash level
support our operations for the ensuing twelve months, beyond that timeframe significant additional financing must
obtained in order to provide a sufficient source of operating capital and to allow us to continue to operate as a goin
In addition, we will need to raise capital to complete anticipated future human clinical trials in the U.S. We anticip
primary sources of this additional financing will be from proceeds of our at-the-market offering program, debt fina

other forms of equity placements.

Our primary sources of capital during the fiscal year ended March 31, 2018 were the Common Stock Sales Agreen H.C. Wainwright, our October 2017 Public Offering and exercises of certain of the warrants from the October 201 Offering for cash. The cash raised from those activities is noted below:

Common Stock Sales Agreement with H.C. Wainwright

On June 28, 2016, we entered into a Common Stock Sales Agreement (the "Agreement") with H.C. Wainwright & ("H.C. Wainwright") which establishes an at-the-market equity program pursuant to which we may offer and sell s common stock from time to time as set forth in the Agreement. The Agreement provides for the sale of shares of o common stock having an aggregate offering price of up to $12,500,000 (the "Shares").

Subject to the terms and conditions set forth in the Agreement, H.C. Wainwright will use its commercially reasona consistent with its normal trading and sales practices to sell the Shares from time to time, based upon our instructio have provided H.C. Wainwright with customary indemnification rights, and H.C. Wainwright will be entitled to a commission at a fixed rate equal to three percent (3.0%) of the gross proceeds per Share sold. In addition, we have pay certain expenses incurred by H.C. Wainwright in connection with the Agreement, including up to $50,000 of t and disbursements of their counsel. The Agreement will terminate upon the sale of all of the Shares under the Agre unless terminated earlier by either party as permitted under the Agreement.

Sales of the Shares, if any, under the Agreement shall be made in transactions that are deemed to be "at the market as defined in Rule 415 under the Securities Act, including sales made by means of ordinary brokers' transactions, on the Nasdaq Capital Market, at market prices or as otherwise agreed with H.C. Wainwright. We have no obligati any of the Shares, and, at any time, we may suspend offers under the Agreement or terminate the Agreement.

In the fiscal year ended March 31, 2018, we raised aggregate net proceeds of $2,104,968 (net of $65,280 in comm H.C. Wainwright and $5,748 in other offering expenses) under this agreement through the sale of 941,504 shares a average price of $2.24 per share of net proceeds. As of the date of the filing of this Form 10-K, we had approximat million available under this Agreement.

October 2017 Public Offering

On October 4, 2017, we consummated a public offering of 5,454,546 shares of common stock and warrants to purc 5,454,546 shares of common stock, for total gross proceeds of $6.0 million. The offering was priced at $1.10 per u each unit comprised of one share of common stock and one common stock purchase warrant. Neither the warrants units are listed on an exchange and therefore do not trade. The warrants carry a five-year term with an exercise pri $1.10 per share. The net proceeds of the offering were $5,289,735. H.C. Wainwright & Co. acted as exclusive plac agent for the offering.

Warrant Exercises

In fiscal year ended March 31, 2018, investors that participated in the October 2017 Public Offering exercised 2,16 warrants for aggregate cash proceeds to us of $2,160,350 before expenses.

Future capital requirements will depend upon many factors, including progress with pre-clinical testing and clinica number and breadth of our clinical programs, the time and costs involved in preparing, filing, prosecuting, maintai enforcing patent claims and other proprietary rights, the time and costs involved in obtaining regulatory approvals, competing technological and market developments, as well as our ability to establish collaborative arrangements, e commercialization, marketing activities and other arrangements. We expect to continue to incur increasing negativ flows and net losses for the foreseeable future.

Cash Flows

Cash flows from operating, investing and financing activities, as reflected in the accompanying Consolidated State Cash Flows, are summarized as follows (in thousands):

	(In thousands) For the year ended March 31, 2018	March 31, 2017
Cash (used in) provided by:		
Operating activities	$(3,911)	$(3,506)
Investing activities	(25)	(16)
Financing activities	9,350	2,958
Net increase (decrease) in cash	$5,414	$(564)

Net Cash from Operating Activities.

We used cash in our operating activities due to our losses from operations. Net cash used in operating activities wa approximately $3,911,000 in fiscal 2018 compared to net cash used in operating activities of approximately $3,506 fiscal 2017, an increase of approximately $405,000.

Net Cash from Investing Activities.

During the fiscal year ended March 31, 2018, we purchased approximately $25,000 of equipment while in the fisc ended March 31, 2017, we purchased approximately $16,000 of equipment, an increase of approximately $9,000 i investing activities.

Net Cash from Financing Activities.

Net cash generated from financing activities increased from approximately $2,958,000 in the fiscal year ended Ma 2017 to approximately $9,350,000 in the fiscal year ended March 31, 2018. In fiscal 2018, we raised approximatel $9,629,000 from the issuance of common stock. That source of cash from our financing activities was partially off use of approximately $279,000 to pay for the tax withholding on restricted stock units.

In fiscal 2017, we raised approximately $2,759,000 from the issuance of common stock and approximately $577,0 the issuance of convertible notes. That source of cash from our financing activities was partially offset by the use o approximately $379,000 to pay for the tax withholding on restricted stock units.

At the date of this filing, we plan to invest significantly into purchases of our raw materials and into our contract manufacturing arrangement.

Current Events

NIH Contract -- In April 2018, we invoiced NIH for $74,813 under the NIH contract and received $74,813 relate invoice that we billed in the March 2018 quarter. In May 2018, we invoiced NIH an additional $37,406 and also re $74,813 that we billed in April.

Restricted Stock Unit ("RSU") Issuances – In April 2018, 46,125 RSUs held by our executives were exchanged
same number of shares of our common stock. As our executives elected to net settle a portion of their RSUs in exc
the Company paying the related withholding taxes on the share issuance, 24,430 of the RSUs were cancelled, and
a net 21,695 shares to our executives.

Office Lease Extension – In May 2018, we extended our office lease for an additional 39 months (see Note 12). T
rental rate under the lease extension is $7,986 per month. Such lease expires in on August 31, 2021. We believe th
facility will be satisfactory for our office needs over the term of the lease.

Critical Accounting Policies

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted i
United States of America ("GAAP") requires us to make a number of estimates and assumptions that affect the rep
amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial staten
estimates and assumptions affect the reported amounts of expenses during the reporting period. On an ongoing bas
evaluate estimates and assumptions based upon historical experience and various other factors and circumstances.
believe our estimates and assumptions are reasonable in the circumstances; however, actual results may differ fron
estimates under different future conditions. We believe that the estimates and assumptions that are most important
portrayal of our financial condition and results of operations, in that they require the most difficult, subjective or c
judgments, form the basis for the accounting policies deemed to be most critical to us. These critical accounting es
relate to revenue recognition, stock purchase warrants issued with notes payable, beneficial conversion feature of c
notes payable, impairment of intangible assets and long lived assets, stock compensation, deferred tax asset valuat
allowance, and contingencies.

Fair Value Measurements

We measure the fair value of applicable financial and non-financial instruments based on the following fair value h

·Level 1: Quoted market prices in active markets for identical assets or liabilities.

·Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data.

·Level 3: Unobservable inputs that are not corroborated by market data.

The hierarchy noted above requires us to minimize the use of unobservable inputs and to use observable market da
available, when determining fair value.

The fair value of derivative liabilities was determined based on unobservable inputs that are not corroborated by m
which is a Level 3 classification. We recorded derivative liabilities on our balance sheet at fair value with changes
value recorded in our consolidated statements of operations. At March 31, 2018, we had no derivative liabilities.

Revenue Recognition

With respect to revenue recognition, we entered into government contracts with NCI and DARPA and have recogn
revenue during the fiscal years ended March 31, 2018 and 2017 of $149,625 and $387,438, respectively, under suc
We adopted the Milestone method of revenue recognition for the DARPA contract under Financial Accounting Sta
Board's Accounting Standards Codification ("ASC") 605-28 "Revenue Recognition – Milestone Method" and we
the requirements under ASC 605-28 for reporting contract revenue under the Milestone Method for the fiscal years
March 31, 2018 and 2017.

Stock Purchase Warrants

We grant warrants in connection with the issuance of certain notes payable and other financing transactions. When
warrants are classified as equity, we measure the relative estimated fair value of such warrants which represents a
from the face amount of the notes payable. Such discounts are amortized to interest expense over the term of the n
analyze such warrants for classification as either equity or derivative liabilities and value them based on binomial l

models.

Beneficial Conversion Feature of Notes Payable

The convertible feature of certain notes payable provides for a rate of conversion that is below market value. Such
normally characterized as a "beneficial conversion feature" of which we measure the estimated fair value in circun
which the conversion feature is not required to be separated from the host instrument and accounted for separately
record that value in the consolidated financial statements as a discount from the face amount of the notes. Such dis
amortized to interest expense over the term of the notes.

Share-based Compensation

We account for share-based compensation awards using the fair-value method and record such expense based on t
date fair value in the consolidated financial statements over the requisite service period.

Derivative Instruments

We evaluate free-standing derivative instruments (or embedded derivatives) to properly classify such instruments equity or as liabilities in our financial statements. Our policy is to settle instruments indexed to our common share first-in-first-out basis.

The classification of a derivative instrument is reassessed at each reporting date. If the classification changes as a events during a reporting period, the instrument is reclassified as of the date of the event that caused the reclassific There is no limit on the number of times a contract may be reclassified.

Instruments classified as derivative liabilities are remeasured each reporting period (or upon reclassification) and t in fair value is recorded on our consolidated statement of operations in other expense (income). We had no derivat instruments at March 31, 2018 and at March 31, 2017.

Income Taxes

Deferred tax assets are recognized for the future tax consequences attributable to the difference between the conso financial statements and their respective tax basis. Deferred income taxes reflect the net tax effects of (a) temporar differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts for income tax purposes, and (b) tax credit carryforwards. We record a valuation allowance for deferred tax assets based on our best estimate of taxable income (if any) in the foreseeable future, it is more likely than not that some the deferred tax assets may not be realized.

Off-Balance Sheet Arrangements

We have not entered into any off-balance sheet arrangements that have or are reasonably likely to have a current o effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquid expenditures or capital resources that is material to investors.

Convertible Notes Payable and Warrants

NOVEMBER 2014 10% CONVERTIBLE NOTES

In November 2014, we entered into a subscription agreement with two accredited investors providing for the issua sale of (i) convertible promissory notes in the aggregate principal amount of $527,780 (the “Notes”) and (ii) five y to purchase up to 47,125 shares of common stock at a fixed exercise price of $8.40 per share (the “Warrants”). The bear interest at the annual rate of 10% and originally matured on April 1, 2016.

The aggregate gross cash proceeds to us were $415,000 after subtracting legal fees of $35,000, a $27,780 due dilig and an original issuance discount of $50,000. We recorded deferred financing costs of $112,780 to reflect the legal diligence fee and original issuance discount and will amortize those costs over the life of the Notes using the effec interest method.

These Notes are convertible at the option of the holders into shares of our common stock at a fixed price of $5.60 p for up to an aggregate of 94,246 shares of common stock. There are no registration requirements with respect to th common stock underlying the Notes or the Warrants.

The estimated relative fair value of Warrants issued in connection with the Notes was recorded as a debt discount a amortized as additional interest expense over the term of the underlying debt. We recorded debt discount of $240,1 on the relative fair value of these Warrants. In addition, as the effective conversion price of the Notes was less than price of the underlying common stock on the date of issuance, we recorded an additional debt discount of $287,647 the beneficial conversion feature.

Initial Amendment of the November 2014 10% Convertible Note Terms

On November 12, 2015, we entered into an amendment of terms ("Amendment of Terms") with the two investors participated in the November 2014 10% Convertible Notes. The Amendment of Terms modified the terms of the subscription agreement, Notes and Warrants held by those investors to, among other things, extended the maturity Notes from April 1, 2016 to June 1, 2016, temporarily reduced the number of shares that we must reserve with resp conversion of the Notes, and temporarily suspended the time period during which one of the investors may exercis Warrants. In exchange for the investors' agreements in the Amendment of Terms, we paid one of the investors a ca $90,000, which we recorded as deferred financing costs and amortized over the remaining term of the notes.

Second Amendment and Extension of the November 2014 10% Convertible Notes

On June 27, 2016, we and certain investors entered into further Amendments (the "Amendments") to the Notes an Warrants. The Amendments provide that the Maturity Date (as defined in the Notes) was extended from June 1, 20 1, 2017 and that the conversion price per share of the Notes was reduced from $5.60 per share of common stock to share of common stock. In addition, we reduced the purchase price (as defined in the Warrants) from $8.40 per sha $5.00 per share of common stock. In connection with these modifications, each of the investors signed a Consent a providing its consent under certain restrictive provisions, and waiving certain rights, including a right to participate offerings made by us, under a Securities Purchase Agreement dated June 23, 2015, (the "2015 SPA") to which we investors and certain other investors are parties, in order to facilitate an at-the-market equity program (see Note 6).

The Amendments also increase the principal amount of the Notes to $692,811 (in the aggregate) to (i) include accr unpaid interest through June 15, 2016, and (ii) increase the principal amount by $80,000 (in the aggregate) as an ex fee for the extended maturity date of the Notes. With respect to each Note, we entered into an Allonge to Convertib Promissory Note (each, an "Allonge") reflecting the changes in the principal amount, Maturity Date and conversio the Note.

We also issued to the investors new warrants (the "New Warrants") to purchase an aggregate of 30,000 shares of c stock with a Purchase Price (as defined in the New Warrants) of $5.00 per share of common stock. We issued the N Warrants in substantially the same form as the prior Warrants, and the New Warrants will expire on November 6, 2 same date on which the prior Warrants will expire.

The modification of the Notes was evaluated under FASB Accounting Standards Codification ("ASC") Topic No. "Debt Modification and Extinguishments" ("ASC 470-50-40"). Therefore, according to the guidance, the instrume determined to be substantially different, and the transaction qualified for extinguishment accounting. As a result, w

recorded a loss on debt extinguishment of $536,889 and recognized an extension fee expense of $80,000, which ar in other (income) expenses in the accompanying condensed consolidated statements of operations. The debt exting is comprised from the fair value of prior warrants issued in connection with the Notes of $287,676, as well as $325 related to beneficial conversion feature and offset by debt discount of $75,993. The beneficial conversion feature i of the effective conversion price of the new Notes being less than the market price of the underlying common stoc date of modification.

Third Amendment and Extension of the November 2014 10% Convertible Notes

In connection with the issuance of the December 2016 10% Convertible Notes, the conversion price of the Novem 10% Convertible Notes was reduced from $5.00 to $4.00 per share and the expiration date of the November 2014 Convertible Notes was extended from July 1, 2017 to July 1, 2018.

The modification of the Notes was evaluated under ASC 470-50-40 and the instruments were determined to be sub different, and the transaction qualified for extinguishment accounting. As a result, we recorded a gain on debt extinguishment of $58,691, which is included in other (income) expenses in the accompanying condensed consolid statements of operations. The recording of the modified Notes resulted in a beneficial conversion of $233,748 whi result of the effective conversion price of the new Notes being less than the market price of the underlying commo the date of modification.

June 2017 Amendment to the November 2014 10% Convertible Notes

In June 2017, we agreed with the holders of the November 2014 10% Convertible Notes to an extension of the exp
dates of the notes from July 1, 2018 to July 1, 2019 in exchange for the reduction of the conversion price of those
$4.00 per share to $3.00 per share. The modification of the Notes was evaluated under ASC 470-50-40 and the ins
were determined to be substantially different, and the transaction qualified for extinguishment accounting. Under t
extinguishment accounting we recorded a loss on debt extinguishment of $178,655 and recalculated a revised debt
on the notes.

The following table shows the changes to the principal balance of the November 2014 10% Convertible Notes:

Activity in the November 2014 10% Convertible Notes	
Initial principal balance	$527,780
Increase in principal balance under the second amendment (see above)	165,031
Conversions during the fiscal year ended March 31, 2017	(80,000)
Balance as of March 31, 2018	$612,811

DECEMBER 2016 10% CONVERTIBLE NOTES

In December 2016, we entered into a securities purchase agreement (the “Securities Purchase Agreement”) with tw
investors (collectively, the “Holders”), pursuant to which the Holders purchased an aggregate of $680,400 principa
Notes (inclusive of due diligence fee of $30,000 deemed paid as a subscription amount in the form of a Note in the
amount of $32,400) for an aggregate cash subscription amount of $600,000 and (b) warrants to purchase 127,575 s
Common Stock (collectively, the “Warrants”).

The Notes bear interest at the rate of 10% per annum, and the principal amount and all accrued and unpaid interest
convertible into shares of our common stock at a $4.00 per share conversion price, which is subject to customary a
provisions for stock splits, dividends, recapitalizations and the like. The Notes mature on July 1, 2018 and are subj
customary and usual terms for events of default and the like. Each Holder has contractually agreed to restrict its ab
convert its Note such that the number of shares of the Common Stock held by the Holder and its affiliates after suc
does not exceed 4.99% of our then issued and outstanding shares of Common Stock.

The Warrants issued to the Holders are exercisable for a period of five years from the date of issuance at an exerci
$4.50, subject to adjustment. A Holder may exercise a Warrant by paying the exercise price in cash or by exercisin

Warrant on a cashless basis. In the event a Holder exercises a Warrant on a cashless basis, we will not receive any
The exercise price of the Warrants is subject to customary adjustments provision for stock splits, stock dividends,
recapitalizations and the like. Each Holder has contractually agreed to restrict its ability to exercise its Warrant suc
number of shares of the Common Stock held by the Holder and its affiliates after such exercise does not exceed 4.
then issued and outstanding shares of Common Stock.

The estimated relative fair value of Warrants issued in connection with the Notes was recorded as a debt discount
being amortized as additional interest expense over the term of the underlying debt. We recorded debt discount of
based on the relative fair value of these Warrants. In addition, as the effective conversion price of the Notes was le
market price of the underlying common stock on the date of issuance, we recorded an additional debt discount of $
related to the beneficial conversion feature. We also recorded deferred financing costs of $102,940, which was cor
an 8% original issue discount of $50,400, a $30,000 due diligence fee (which was paid in the form of a note), $22,
legal fees, and a $40 bank charge. The combination of the above items led to a combined discount against the conv
notes of $598,376.

June 2017 Amendment to the December 2016 10% Convertible Notes

In June 2017, we agreed with the holders of the December 2016 10% Convertible Notes to an extension of the exp
dates of the notes from July 1, 2018 to July 1, 2019 in exchange for the reduction of the conversion price of those
$4.00 per share to $3.00 per share. The modification of the notes was evaluated under ASC 470-50-40 and the inst
were determined to be substantially different, and the transaction qualified for extinguishment accounting. Under t
extinguishment accounting we recorded a loss on debt extinguishment of $198,254 and recalculated a revised debt
on the notes.

The following table shows the changes to the principal balance of the December 2016 10% Convertible Notes:

Activity in the December 2016 10% Convertible Notes	
Initial principal balance	$680,400
Conversions during the fiscal year ended March 31, 2018	(300,620)
Balance as of March 31, 2018	$379,780

Aethlon Medical, Inc. Equity Transactions in the Fiscal Year Ended March 31, 2018.

Common Stock Sales Agreement with H.C. Wainwright

On June 28, 2016, we entered into a Common Stock Sales Agreement (the "Agreement") with H.C. Wainwright &
("H.C. Wainwright") which establishes an at-the-market equity program pursuant to which we may offer and sell s
common stock from time to time as set forth in the Agreement. The Agreement provides for the sale of shares of o
common stock having an aggregate offering price of up to $12,500,000 (the "Shares").

Subject to the terms and conditions set forth in the Agreement, H.C. Wainwright will use its commercially reasona
consistent with its normal trading and sales practices to sell the Shares from time to time, based upon our instructi
have provided H.C. Wainwright with customary indemnification rights, and H.C. Wainwright will be entitled to a
commission at a fixed rate equal to three percent (3.0%) of the gross proceeds per Share sold. In addition, we have
pay certain expenses incurred by H.C. Wainwright in connection with the Agreement, including up to $50,000 of t
and disbursements of their counsel. The Agreement will terminate upon the sale of all of the Shares under the Agr
unless terminated earlier by either party as permitted under the Agreement.

Sales of the Shares, if any, under the Agreement shall be made in transactions that are deemed to be "at the market as defined in Rule 415 under the Securities Act, including sales made by means of ordinary brokers' transactions, on the Nasdaq Capital Market, at market prices or as otherwise agreed with H.C. Wainwright. We have no obligati any of the Shares, and, at any time, we may suspend offers under the Agreement or terminate the Agreement.

In the fiscal year ended March 31, 2018, we raised aggregate net proceeds of $2,104,968 (net of $65,280 in comm H.C. Wainwright and $5,748 in other offering expenses) under this agreement through the sale of 941,504 shares a average price of $2.24 per share of net proceeds.

October 2017 Public Offering

On October 4, 2017, we consummated a public offering of 5,454,546 shares of common stock and warrants to purc 5,454,546 shares of common stock, for total gross proceeds of $6.0 million. The offering was priced at $1.10 per u each unit comprised of one share of common stock and one common stock purchase warrant. Neither the warrants units are listed on an exchange and therefore do not trade. The warrants carry a five-year term with an exercise pri $1.10 per share. The net proceeds of the offering were $5,289,735. H.C. Wainwright & Co. acted as exclusive plac agent for the offering.

Warrant Exercises

In fiscal year ended March 31, 2018, investors that participated in the October 2017 Public Offering exercised 2,16 warrants for aggregate cash proceeds to us of $2,160,350 before expenses.

Restricted Shares Issued for Services

During the nine months ended December 31, 2017, we issued 15,000 shares of restricted common stock at a price per share, the market price at time of issuance, in payment for investor relations consulting services valued at $33, on the grant date closing market price of our common stock.

Share for Warrant Exchanges

During the fiscal year ended March 31, 2018, we agreed with two individual investors to exchange 11,497 restricte for the cancellation of 22,993 warrants and we entered into an Exchange Agreement with two institutional investo which we issued 57,844 restricted shares in exchange for the cancellation of 77,125 warrants held by those investo also agreed with those institutional investors that they would extend the expiration dates of convertible notes held investors from July 1, 2018 to July 1, 2019 in exchange for the reduction of the conversion price of those notes fro per share to $3.00 per share.

Additionally, we entered into an agreement with a former placement agent to issue 5,500 restricted shares in excha the cancellation of 11,000 warrants held by that placement agent. We measured the fair value of the shares issued value of the warrants exchanged for those shares and recorded losses for each of those exchanges based on the cha fair value between the instruments exchanged. Based upon the fair value of the shares issued and warrants exchang recorded a loss of $130,215 during the fiscal year ended March 31, 2018 for all of the above share for warrant exc

Stock Option Issuances

During the fiscal year ended March 31, 2018, we issued options to four of our employees to purchase 34,500 share common stock at an exercise price of $1.68 per share, the closing price on the date of the approval of the option gr our compensation committee.

Termination of Restricted Share Grant

During the fiscal year ended March 31, 2018, we terminated a previously recorded but unissued share issuance of shares under a fully vested restricted stock grant to our CEO and issued to him 32,674 shares as a net settlement of

and the Company paid the withholding taxes associated with that share issuance in return for the cancellation of 35 shares. The compensation cost of that restricted stock grant had been fully recorded over prior fiscal years, therefo expense was recorded regarding this net issuance.

Restricted Stock Unit Grants to Directors and Executive Officers

On August 9, 2016, our Board of Directors granted RSUs to certain of our officers and directors and during the fis ended March 31, 2018, 168,309 additional RSUs were granted to our directors pursuant to the 2012 Non-Employe Compensation Program. The RSUs represent the right to be issued on a future date shares of our common stock fo RSUs.

During the fiscal year ended March 31, 2018, 184,500 vested RSUs held by our executives were exchanged into th number of shares of our common stock. As our executives elected to net settle a portion of their RSU's in exchang Company paying the related withholding taxes on the share issuance, 97,238 of the RSUs were cancelled and we i 87,262 shares to our executives.

During the fiscal year ended March 31, 2018, 168,309 RSUs held by our outside directors were exchanged into the number of shares of our common stock. As three of our four outside directors elected to return 40% of their RSUs exchange for cash in order to pay their withholding taxes on the share issuances, 44,983 of the RSUs were cancelle paid $52,998 in cash to those outside directors.

Securities Issued for Debt

Historically, we have issued securities for debt to reduce our obligations to avoid using our cash resources. In the f ended March 31, 2018 we issued 120,922 unregistered common shares for repayment in full of notes, including ac interest, in the aggregate amount of $362,763. In the fiscal year ended March 31, 2017 we issued 33,091 unregiste common shares for repayment in full of notes, including accrued interest, in the aggregate amount of $144,718.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS. (from 10-Q (09/30/2018)

The following discussion of our financial condition and results of operations should be read in conjunction with, a qualified in its entirety by, the condensed consolidated financial statements and notes thereto included in Item 1 in Quarterly Report on Form 10-Q. This item contains forward-looking statements that involve risks and uncertaintie results may differ materially from those indicated in such forward-looking statements.

FORWARD LOOKING STATEMENTS

All statements, other than statements of historical fact, included in this Form 10-Q are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the “S Act"), and Section 21E of the Exchange Act. Such forward-looking statements involve assumptions, known and u risks, uncertainties and other factors which may cause the actual results, performance, or achievements of Aethlon Inc. ("we" or "us") to be materially different from any future results, performance, or achievements expressed or i such forward-looking statements contained in this Form 10-Q. Such potential risks and uncertainties include, with limitation, completion of our capital-raising activities, U.S. Food and Drug Administration, or FDA, approval of o products, other regulations, patent protection of our proprietary technology, product liability exposure, uncertainty acceptance, competition, technological change, and other risk factors detailed herein and in other of our filings wit Securities and Exchange Commission (the “Commission”). The forward-looking statements are made as of the dat Form 10-Q, and we assume no obligation to update the forward-looking statements, or to update the reasons actua could differ from those projected in such forward-looking statements.

Overview

Aethlon Medical, Inc. and subsidiary (“Aethlon”, the “Company”, “we” or “us”) are a medical device company fo innovative devices that address unmet medical needs in global health and biodefense. The Aethlon Hemopurifier® clinical-stage therapeutic device that eliminates life-threatening viruses from the circulatory system of infected ind

In June 2013, the U.S. Food and Drug Administration, or FDA, approved our investigational device exemption ap initiate a ten-patient human clinical trial in one location in the U.S. to treat dialysis patients who are infected with Hepatitis C virus. Successful outcomes of that human trial as well as at least one follow-on human trial will be req the FDA in order to commercialize our products in the U.S. The regulatory agencies of certain foreign countries w intend to sell this device will also require one or more human clinical trials.

Some of our patents may expire before we receive FDA approval to market our products in the U.S. or we receive
to market our products in a foreign country. However, we believe that certain patent applications and/or other pate
more recently will help protect the proprietary nature of the Hemopurifier treatment technology.

Through our majority-owned subsidiary, Exosome Sciences, Inc., or Exosome, we are also studying potential diag
techniques for identifying and monitoring neurological conditions and cancer. We consolidate Exosome's activitie
consolidated financial statements.

Our common stock is listed on the Nasdaq Capital Market under the symbol "AEMD."

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Securities Exchange Act and must file reports, proxy state
other information with the Commission. The Commission maintains a Web site (http://www.sec.gov) that contains
proxy and information statements and other information regarding registrants, like us, which file electronically wit
Commission. Our headquarters are located at 9635 Granite Ridge Drive, Suite 100, San Diego, CA 92123. Our ph
number at that address is (858) 459-7800. Our Web site is http://www.aethlonmedical.com.

RESULTS OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, 2018 COMPARED TO THE THREE MONTHS ENDED SEPTEM
2017

Government Contract Revenues

We did not record any government contract revenue in either of the three month periods ended September 30, 201
2017.

Operating Expenses

Consolidated operating expenses for the three months ended September 30, 2018 were $1,346,954 in comparison v
$1,236,173 for the comparable period a year ago. This increase of $110,781, or 9.0%, was due to increases in payr
related expenses of $54,198, in general and administrative expenses of $36,717 and in professional fees of $19,866

The $54,198 increase in payroll and related expenses was primarily due to the combination of a $52,962 increase i
stock-based compensation and a $1,236 increase in cash-based payroll and related expenses.

The $36,717 increase in general and administrative expenses was primarily due to $79,484 of clinical trial expense
associated with the exosome trial at University of California Irvine, which was partially offset by reductions in a n
additional expenses.

The $19,866 increase in our professional fees was due to a $50,000 increase in our Board fees due to the recent ex
our Board, an $11,572 increase in ESI's professional fees, a $7,074 increase in scientific consulting fees, and a $7,
increase in our marketing and investor relations fees. Those increases were partially offset by a $42,842 decrease i
fees and a $13,288 decrease in our accounting fees.

Other Expense

Other expense during the three months ended September 30, 2018 and 2017 consisted of losses on share for warra exchanges and interest expense. Other expense for the three months ended September 30, 2018 was other expense in comparison with other expense of $72,404 for the three months ended September 30, 2017.

The following table breaks out the various components of our other expense for both periods:

	Three Months Ended 9/30/18	Three Months Ended 9/30/17	Change
Loss on Share for Warrant Exchanges	$–	$10,425	(10,425)
Interest Expense	55,106	61,979	(6,873)
Total Other Expense	$55,106	$72,404	$(17,298)

Loss on Share for Warrant Exchanges

During the three months ended September 30, 2017, we entered into an agreement with a former placement agent 5,500 restricted shares in exchange for the cancellation of 11,000 warrants held by that placement agent. We meas fair value of the shares issued and the fair value of the warrants exchanged for those shares and recorded a loss on exchange based on the changes in fair value between the instruments exchanged. There was no loss on share for w exchanges for the three months ended June 30, 2018.

Interest Expense

Interest expense was $55,106 for the three months ended September 30, 2018 and was $61,979 for the three month
September 30, 2017, a decrease of $6,873. The various components of our interest expense are shown in the follov

	Three Months Ended 9/30/18	Three Months Ended 9/30/17	Change
Interest Expense	$24,819	$31,692	$(6,873)
Amortization of Note Discounts	30,287	30,287	–
Total Interest Expense	$55,106	$61,979	$(6,873)

As noted in the above table, since the amortization of note discounts was the same in both periods, the $6,873 decr
interest expense was due to a $6,873 decrease in our contractual interest expense.

Net Loss

As a result of the changes in revenues and expenses noted above, our net loss increased from approximately $1,30
the three month period ended September 30, 2017 to $1,402,000 in the three month period ended September 30, 20

Basic and diluted loss attributable to common stockholders were ($0.08) for the three month period ended Septemb
2018 compared to ($0.14) for the period ended September 30, 2017.

SIX MONTHS ENDED SEPTEMBER 30, 2018 COMPARED TO THE SIX MONTHS ENDED SEPTEMBER 3

Government Contract Revenues

We recorded $149,625 in government contract revenue in the six months ended September 30, 2018 and we did no
any government contract revenue in the six months ended September 30, 2017. This revenue arose from work perf
under our government contract with National Cancer Institute, part of the National Institutes of Health (“NIH”) as

	Six Months Ended 6/30/18	Six Months Ended 6/30/17	Change in Dollars
NIH Contract	$149,625	$ –	$149,625
Total Government Contract Revenue	$149,625	$ –	$149,625

NIH Contract

We entered into a contract with the NIH on September 15, 2017. This award is under the NIH's Small Business In Research (SBIR) program which is designed to fund early stage small businesses that are seeking to commercializ innovative biomedical technologies. The title of the award is SBIR Topic 359 Phase 1 Device Strategy for Selectiv of Oncosomes and Non-Malignant Exosomes.

The award from NIH is a firm, fixed-price contract with potential total payments to us of $299,250 over the course months.

Fixed price contracts require the achievement of multiple, incremental milestones to receive the full award during period of the contract. The NIH also has the unilateral right to require us to perform additional work under an optio for an additional fixed amount of $49,800.

Under the terms of the contract, we must perform certain incremental work towards the achievement of specific m
against which we will invoice the government for fixed payment amounts.

In the six months ended September 30, 2018, we performed work under the contract covering the remainder of the
objectives of the contract (Aim 1: To validate the Hemopurifier as a device for capture and recovery of melanoma
from plasma and Aim 2: To validate a method of melanoma exosome isolation consisting of the Hemopurifier foll
mab-based immunocapture to select out the tumor-derived exosomes from non-malignant exosomes and Aim 3: T
the functional integrity of melanoma exosomes purified by the Hemopurifier and immunocapture isolation steps).
we invoiced NIH for $149,625 during the six months ended September 30, 2018.

Operating Expenses

Consolidated operating expenses for the six months ended September 30, 2018 were $2,593,851 in comparison wi
$2,396,422 for the comparable period a year ago. This increase of $197,429, or 8.2%, was due to increases in prof
fees of $126,278, in general and administrative expenses of $44,615, and in payroll and related expenses of $26,53

The $126,278 increase in our professional fees was due to a $91,500 increase in our Board fees due to the recent e
of our Board, a $73,330 increase in scientific consulting fees, a $45,891 increase in our marketing and investor rel
and a $23,470 increase in ESI's professional fees. Those increases were partially offset by a $77,487 decrease in o
fees, a $19,644 decrease in our accounting fees and a $10,782 decrease in website service fees.

The $44,615 increase in general and administrative expenses was primarily due to $79,484 of clinical trial expense
associated with the exosome trial at University of California Irvine, which was partially offset by reductions in a n
additional expenses.

The $26,536 increase in payroll and related expenses was due to a $35,213 increase in stock-based compensation,
partially offset by a $8,677 decrease in cash-based payroll and related expenses.

Other Expense

Other expense during the six months ended September 30, 2018 and 2017 consisted of losses on debt extinguishm
on share for warrant exchanges and interest expense. Other expense for the six months ended September 30, 2018

expense of $110,210 in comparison with other expense of $757,706 for the six months ended September 30, 2017.

The following table breaks out the various components of our other expense for both periods:

	Six Months Ended 9/30/18	Six Months Ended 9/30/17	Change
Loss on Debt Extinguishment	$–	$376,909	$(376,909)
Loss on Share for Warrant Exchanges	–	130,214	(130,214)
Interest Expense	110,210	250,583	(140,373)
Total Other Expense	$110,210	$757,706	$(647,496)

Loss on Debt Extinguishment

Our loss on debt extinguishment for the six months ended September 30, 2017 arose from a $376,909 loss associat
the June 2017 amendments to our convertible notes. There was no loss on debt extinguishment for the six months
September 30, 2018 - see below for additional information.

June 2017 Amendments – The $376,909 loss on debt extinguishment in the six months ended September 30, 2017
an Exchange Agreement with two institutional investors under which we issued 57,844 restricted shares in exchan
cancellation of 77,125 warrants held by those investors (see Loss on Share for Warrant Exchanges below). Additio
agreed with those investors that they would extend the expiration dates of the convertible notes held by those inves
July 1, 2018 to July 1, 2019 in exchange for the reduction of the conversion price of those notes from $4.00 per sh
$3.00 per share. The modification of the notes was evaluated under FASB Accounting Standards Codification ("A
No. 470-50-40, "Debt Modification and Extinguishments". Therefore, according to the guidance, the instruments w
determined to be substantially different, and the transaction qualified for extinguishment accounting.

This modification of the notes was also evaluated under ASC Topic No. 470-50-40, "Debt Modification and Extin
Therefore, according to the guidance, the instruments were determined to be substantially different, and the transac
qualified for extinguishment accounting.

Loss on Share for Warrant Exchanges

During the six months ended September 30, 2017, we agreed with two individual investors to exchange 11,497 res
shares for the cancellation of 22,993 warrants. Additionally, during the period, we entered into an Exchange Agree
two institutional investors under which we issued 57,844 restricted shares in exchange for the cancellation of 77,1
warrants held by those investors. We measured the fair value of the shares issued and the fair value of the warrants
exchanged for those shares and recorded losses for each of those exchanges based on the changes in fair value betw
instruments exchanged. There was no loss on share for warrant exchanges for the six months ended September 30,

Interest Expense

Interest expense was $110,210 for the six months ended September 30, 2018 and was $250,583 for the six months
September 30, 2017, a decrease of $140,373. The various components of our interest expense are shown in the foll
table:

	Six Months Ended 9/30/18	Six Months Ended 9/30/17	Change
Interest Expense	$49,636	$65,494	$(15,858)
Amortization of Note Discounts	60,574	185,089	(124,515)
Total Interest Expense	$110,210	$250,583	$(140,373)

As noted in the above table, the most significant factor in the $140,373 decrease in our interest expense was the $1 decrease in the amortization of note discounts, which related to the amortization against the discount on our conve notes. An additional factor in the change in our total interest was a $15,858 decrease in our contractual interest exp

Net Loss

As a result of the changes in revenues and expenses noted above, our net loss decreased from approximately $3,15 the six month period ended September 30, 2017 to $2,554,000 in the six month period ended September 30, 2018.

Basic and diluted loss attributable to common stockholders were ($0.14) for the six month period ended Septembe compared to ($0.35) for the period ended September 30, 2017.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2018, we had a cash balance of $5,078,605 and working capital of $3,907,120. This compares to
balance of $6,974,070 and working capital of $6,752,293 at March 31, 2018. While we expect our current cash lev
support our operations for at least twelve months from the issuance date of these interim financial statements, beyo
timeframe significant additional financing must be obtained in order to provide a sufficient source of operating cap
allow us to continue to operate as a going concern. In addition, we will need to raise capital to complete anticipate
human clinical trials in the U.S. We anticipate the primary sources of this additional financing will be from procee
at-the-market offering program, debt financing and other forms of equity placements.

We did not raise any capital during the six months ended September 30, 2018.

Our primary sources of capital during the fiscal year ended March 31, 2018 (in which we raised $9,628,505 in net
from the issuance of common stock and warrants) were $2,104,968 from the Common Stock Sales Agreement wit
Wainwright, net proceeds of $5,289,735 from our October 2017 Public Offering and exercises of certain of the wa
from the October 2017 Public Offering for $2,233,802 in cash.

Future capital requirements will depend upon many factors, including progress with pre-clinical testing and clinica
number and breadth of our clinical programs, the time and costs involved in preparing, filing, prosecuting, maintai
enforcing patent claims and other proprietary rights, the time and costs involved in obtaining regulatory approvals,
competing technological and market developments, as well as our ability to establish collaborative arrangements, e
commercialization, marketing activities and other arrangements. We expect to continue to incur increasing negativ
flows and net losses for the foreseeable future.

Cash Flows

Cash flows from operating, investing and financing activities, as reflected in the accompanying Condensed Consol
Statements of Cash Flows, are summarized as follows:

	(In thousands)	
	For the six months ended	
	September 30,	September 30,

	2018	2017
Cash provided by (used in):		
Operating activities	$(1,810)	$ (2,103)
Investing activities	–	(24)
Financing activities	(86)	1,487
Net decrease in cash	$(1,896)	$ (640)

NET CASH USED IN OPERATING ACTIVITIES. We used cash in our operating activities due to our losses fro operations. Net cash used in operating activities was approximately $1,810,000 in the six months ended Septembe compared to $2,103,000 in the six months ended September 30, 2017, a decrease of approximately $293,000.

NET CASH USED IN INVESTING ACTIVITIES. We used approximately $24,000 of cash to purchase laborator office equipment in the six months ended September 30, 2017. We had no investing activities in the six months en September 30, 2018.

NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES. In the six months ended September 30, 201 approximately $86,000 for tax withholding on vested rights while in the six months ended September 30, 2017 we approximately $1,650,000 from the sale of common stock, which was partially offset by the payment of approxima $163,000 for tax withholding on vested rights.

At the date of this filing, we plan to invest significantly into purchases of our raw materials and into our contract manufacturing arrangement subject to successfully raising additional capital.

CRITICAL ACCOUNTING POLICIES

The preparation of condensed consolidated financial statements in conformity with accounting principles generally in the United States of America requires us to make a number of estimates and assumptions that affect the reported of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Suc estimates and assumptions affect the reported amounts of expenses during the reporting period. On an ongoing bas evaluate estimates and assumptions based upon historical experience and various other factors and circumstances. believe our estimates and assumptions are reasonable in the circumstances; however, actual results may differ from estimates under different future conditions.

We believe that the estimates and assumptions that are most important to the portrayal of our financial condition a of operations, in that they require the most difficult, subjective or complex judgments, form the basis for the accou policies deemed to be most critical to us. These critical accounting policies relate to revenue recognition, measurer stock purchase warrants issued with notes payable, beneficial conversion feature of convertible notes payable, imp intangible assets and long lived assets, stock compensation, and the classification of warrant obligations, and evalu contingencies. We believe estimates and assumptions related to these critical accounting policies are appropriate u circumstances; however, should future events or occurrences result in unanticipated consequences, there could be impact on our future financial condition or results of operations.

There have been no changes to our critical accounting policies as disclosed in our Form 10-K for the year ended M 2018.

OFF-BALANCE SHEET ARRANGEMENTS

We have no obligations required to be disclosed herein as off-balance sheet arrangements.

BUSINESS

Overview and Corporate History

We are a therapeutic technology company focused on addressing unmet needs in global health and biodefense. In t
infectious disease therapeutics, a majority of viruses that transmit human infections are not addressed with approve
therapies. To address this significant unmet need, the Aethlon Hemopurifier® is an affinity hemofiltration device d
for the single-use elimination of life-threatening viruses from the human circulatory system. In the United States, w
advancing the Hemopurifier under a "Breakthrough Device" designation from The United States Food and Drug
Administration (FDA).

Under the "Breakthrough Device" program, the FDA has permitted the proposed "Indication for Use" for our devi
"The Hemopurifier is a single-use device indicated for the treatment of life-threatening glycosylated viruses that ar
addressed with an approved therapy." We are currently in discussions with FDA to determine the pathway to clinic
advance this "Indication for Use" under the "Breakthrough Device" program.

The "Indication for Use" under the "Breakthrough Device" program also aligns with our goal to fulfill the broad-s
countermeasure objective set forth by the U.S. Government to protect citizens from life-threatening bioterror and p
threat viruses that are not addressed with approved therapies. Based on previous human treatment outcomes, we be
Hemopurifier may also augment the benefit of approved antiviral drug agents.

In human studies, the Hemopurifier has been administered to individuals infected with the following glycosylated
The Human Immunodeficiency Virus (HIV), Hepatitis-C Virus (HCV) and Ebola Virus (EBV). Additionally, the
Hemopurifier has been validated *in vitro* to capture a broad-spectrum of glycosylated viral threats including; Marb
Zika virus, Lassa virus, MERS-CoV, Cytomegalovirus, Epstein-Barr virus, Herpes Simplex virus, Chikungunya vi
Dengue virus, West Nile virus, Smallpox related viruses, H1N1 Swine Flu virus, H5N1 Bird Flu virus, and the rec
Spanish flu virus of 1918. In many cases, these validations were conducted in collaboration with leading governme
non-government research institutes.

In collaboration with the FDA, we are focused on the clinical advancement of our Hemopurifier in the U.S. In Mar
2017, we concluded an Investigational Device Exemption (IDE) feasibility study that was previously approved by
feasibility study demonstrated safety of our device in health-compromised dialysis patients infected with HCV. Th
of the IDE study was originally recommended by FDA as a surrogate model to advance the Hemopurifier as a
broad-spectrum candidate to treat virulent viruses that are often classified as bioterror or pandemic threats. Prior to
approval of our IDE feasibility study, we conducted several clinical studies in virally infected individuals outside o

In September of 2017, our Hemopurifier received an Expedited Access Pathway (EAP) program designation from
support an accelerated clinical advancement of our device. Subsequent to the EAP designation, the Hemopurifier v
transitioned to the "Breakthrough Device" program that was established under the 21st Century Cures Act, which wa
into law in December of 2016.

We are also investigating the ability of the Hemopurifier to capture glycosylated bacterial toxins and tumor-derive
exosomes that promote cancer progression and treatment resistance. Additionally, we are the majority owner of Ex
Sciences, Inc. (ESI), a Company that is focused on the discovery of exosomal biomarkers to diagnose and monitor
life-threatening disease conditions that may be current or future therapeutic targets for Aethlon Medical.

We (Aethlon Medical, Inc.) were formed on March 10, 1999. Our executive offices are located at 9635 Granite Ri
Suite 100, San Diego, California 92123. Our telephone number is (858) 459-7800. All references to "us" or "we" a
to Aethlon Medical, Inc., combined with its majority-owned subsidiary, Exosome Sciences, Inc.

The Mechanism of the Hemopurifier

The Aethlon Hemopurifier is an affinity hemofiltration device designed for the single-use removal of life-threateni
from the human circulatory system. In the United States, the Hemopurifier is classified as a combination product v
regulatory jurisdiction is The Center for Devices and Radiological Health (CDRH), the branch of FDA responsible
premarket approval of all medical devices.

In application, our Hemopurifier is deployed for use on the established infrastructure of continuous renal replacem therapy (CRRT) and dialysis instruments located in hospitals and clinics worldwide. Incorporated within the Hemo an active affinity lectin that binds to a glycosylated structure with which infectious viruses cloak themselves to eva surveillance of the immune system as a means to promote replication of progeny viruses. In mechanism, the Hemo eliminates circulatory viruses prior to cell infection as a means to interrupt the replication of progeny viruses.

We have demonstrated that the Hemopurifier affinity mechanism provides for the capture of a broad-spectrum of s species and families of viral pathogens. We are also investigating the utility of our Hemopurifier to capture glycos bacterial toxins as well as circulating tumor-derived exosomes that promote cancer progression and treatment resis

The Hemopurifier - U.S. Clinical Trials

On March 13, 2017, we concluded an FDA-approved Investigational Device Exemption (IDE) feasibility study of Hemopurifier therapy. In the study, safety of the Hemopurifier was demonstrated in health-compromised individua with a viral pathogen. Based on guidance from FDA, the study served as a surrogate model to advance our device broad-spectrum treatment countermeasure against highly virulent viruses that are often considered bioterror or pan threats. The feasibility study was conducted on Hepatitis C virus (HCV) infected dialysis patients at DaVita MedC Dialysis in Houston, Texas. The principal investigator of the study was Dr. Ronald Ralph. We reported that there w device-related adverse events in enrolled subjects who met the study inclusion-exclusion criteria. We also reported average capture of 154 million copies of HCV (in International Units, I.U.) within the Hemopurifier® during 4-ho treatments. The FDA approved the IDE feasibility study protocol in June of 2013. Prior to this approval, we collec supporting Hemopurifier data through investigational human studies conducted overseas.

The Hemopurifier – Clinical Trials Conducted Overseas

EBOLA Virus

In December of 2014, Time Magazine named the Hemopurifier® a “Top 25 Invention” as the result of treating an ebola-infected physician at Frankfurt University Hospital in Germany. The physician was comatose with multiple failure at the time of treatment with the Hemopurifier®. At the American Society of Nephrology Annual Meeting, Helmut Geiger, Chief of Nephrology at Frankfurt University Hospital reported that the patient received a single 6. Hemopurifier® treatment. Prior to treatment, viral load was measured at 400,000 c/ml. Post-treatment viral load at to be 1,000 c/ml. Dr. Geiger also reported that 242 million copies of Ebola virus were measured to be captured wit Hemopurifier® during treatment. The patient made a full recovery.

Hepatitis C Virus (HCV)

Prior to FDA approval of the IDE feasibility study, we conducted investigational HCV treatment studies at the Ap
Hospital, Fortis Hospital and the Medanta Medicity Institute in India. The treatment protocol of the studies conduc
Apollo and Fortis Hospital was similar to what had been proposed in our IDE feasibility study submission to FDA
the Medanta Medicity study was conducted to demonstrate the ability of the Hemopurifier to be combined with an
established HCV drug regimen.

In the Medanta Medicity Institute study, twelve HCV-infected individuals were enrolled to receive three six-hour
Hemopurifier treatments during the first three days of a 48-week peginterferon+ribavirin treatment regimen. The s
conducted under the leadership of Dr. Vijay Kher at the Medanta Medicity Institute. Dr. Kher's staff reported that
Hemopurifier therapy was well tolerated and without device-related adverse events in the twelve treated patients.

Of these twelve patients, ten completed the Hemopurifier-peginterferon+ribavirin treatment protocol, including eig
genotype-1 patients and two genotype-3 patients. Eight of the ten patients achieved a sustained virologic response,
the clinical definition of treatment cure and is defined as undetectable HCV in the blood 24 weeks after the comple
48-week peginterferon+ribavirin drug regimen. Both genotype-3 patients achieved a sustained virologic response,
of the eight genotype-1 patients achieved a sustained virologic response.

Of the ten patients who completed the full treatment protocol, five also achieved a rapid virologic response, define undetectable HCV in the blood at day 30 of therapy. Rapid virologic response represents the clinical endpoint that predicts sustained virologic response cure rates resulting from peginterferon+ribavirin therapy. As a point of refere landmark Individualized Dosing Efficacy vs Flat Dosing to Assess Optimal Pegylated Interferon Therapy study of HCV genotype-1 patients documented that 10.35% (n=318/3070) of peginterferon+ribavirin-treated patients achie virologic response. Patients who achieved a rapid virologic response had sustained virologic response rates of 86.2 (n=274/318) versus sustained virologic response rates of 32.5% (n=897/2752) in non-rapid virologic response pati of the genotype-1 patients who achieved a rapid virologic response also achieved an immediate virologic response as undetectable HCV in the blood seven days after initiation of Hemopurifier-peginterferon+ribavirin treatment pr The earliest measured report of undetectable HCV in blood in the Individualized Dosing Efficacy vs Flat Dosing t Optimal Pegylated Interferon Therapy study was on day 14 of the study.

Data from two patients was not included in the reported Hemopurifier-peginterferon+ribavirin dataset. One of thes was a genotype-5 patient who discontinued peginterferon+ribavirin therapy at day 180, yet still achieved a sustaine virologic response. The second patient was a genotype-3 patient who also achieved a sustained virologic response, unable to tolerate peginterferon+ribavirin therapy and discontinued therapy at day 90. Overall, ten of the twelve pa enrolled in the study achieved a sustained virologic response and seven of the twelve patients achieved a rapid viro response.

Hemopurifier - Human Immunodeficiency Virus (HIV)

In addition to treating Ebola and HCV-infected individuals, we also conducted a single proof-of-principle treatmen the Sigma New Life Hospital related to the treatment of HIV-infected AIDS patient who was not be administered antiviral drug agents. In the study, Hemopurifier therapy reduced viral load by 93% as the result of 12 Hemopurifi treatments (each four hours in duration) that were administered over the course of one month.

Exosome Sciences, Inc. – Majority Owned Biomarker Discovery Company

We are the majority owner of Exosome Sciences, Inc. (ESI), a Company focused on the discovery of exosomal bio to diagnose and monitor life-threatening disease conditions that may be current or future therapeutic targets for Ae Medical. At present, the priority of ESI is directed toward exosomal biomarkers to diagnose and monitor cancer an neurological disorders.

Since it began operations in 2013, ESI researchers disclosed the discovery of an exosomal biomarker that may be a with neurological tauopathies, which involve the abnormal accumulation of tau protein in the brain. Tauopathies a

of 21 different neurological disorders that include Alzheimer's disease and Chronic Traumatic Encephalopathy (CT
Related to CTE, the ESI team was invited to participate in an NIH-funded research study with The Boston Univers
Center. In the study, ESI researchers investigated an exosomal tau biomarker (TauSome) as a candidate to diagnos
monitor CTE in living individuals. At present, CTE can only be diagnosed through post-mortem brain autopsy.

The results of the study indicated that TauSome levels (in blood) of former professional American football players
CTE risk group) were significantly higher as compared to same-age group control subjects who did not participate
activities that involved repetitive head trauma. Additionally, high TauSome levels also correlated with poor perfor
cognitive decline testing. These results were published in an article entitled “Preliminary Study of Plasma Exosom
Potential Biomarker for Chronic Traumatic Encephalopathy” in the *Journal of Alzheimer's Disease* on April 12, 20

To further validate these observations, ESI has initiated a follow-on study to evaluate TauSome levels in up to 200
professional football players and control subjects. If fully enrolled, the study would be the largest study to date rela
advancement of a candidate biomarker to diagnose and monitor CTE in the living. Enrollment of study participant
March 2018 at the Translational Genomics Research Institute (TGEN) in Phoenix, AZ. Kendall Van Keuren-Jense
Co-Director of TGEN’s Center for Noninvasive Diagnostics is the principal investigator at this site location. Dr. V
Keuren-Jensen is neurodegenerative disease thought leader whose research includes discovery and detection of bio
for central nervous system disorders. Additional site locations are anticipated.

U.S. GOVERNMENT CONTRACTS

We are a proven performer under U.S. Government Contracts. We recently completed two Department of Defense contracts with the Defense Advanced Research Projects Agency (DARPA) related to the treatment of sepsis and o disease conditions. In these programs, we completed 29 out of 29 milestone opportunities, which generated approx million of revenue for our Company.

National Institutes of Health ("NIH")

At present, we are operating under a National Institutes of Health (NIH) contract with the National Cancer Institut related to the study of our Hemopurifier to capture tumor-derived exosomes. We entered into this contract on Sept 2017. This contract award is under the NIH's Small Business Innovation Research (SBIR) program and is entitled Topic 359 Phase 1 Device Strategy for Selective Isolation of Oncosomes and Non-Malignant Exosomes. The cont is a firm, fixed-price contract with potential total payments of $299,250 over the course of nine months.

Fixed price contracts require the achievement of multiple, incremental milestones to receive the full award during period of the contract. The NIH also has the unilateral right to require us to perform additional work under an opti for an additional fixed amount of $49,800. Under the terms of the contract, we must perform certain incremental w towards the achievement of specific milestones against which we will invoice the government for fixed payment a

In the fiscal year ended March 31, 2018, we performed work under the contract completing the majority of the firs technical objectives of the contract (Aim 1: To validate the Hemopurifier as a device for capture and recovery of n exosomes from plasma and Aim 2: To validate a method of melanoma exosome isolation consisting of the Hemop followed by mab-based immunocapture to select out the tumor-derived exosomes from non-malignant exosomes). result we invoiced NIH for $149,625.

Upon completion of this contract award, we plan to submit a Phase 2 contract proposal under the program. If awar Phase 2 SBIR would pay $1.5 million over two years.

Defense Advanced Research Projects Agency ("DARPA")

We entered into a contract with DARPA on September 30, 2011. Under the DARPA award, we have been engaged develop a therapeutic device to reduce the incidence of sepsis, a fatal bloodstream infection that often results in the combat-injured soldiers. The award from DARPA was a fixed-price contract with potential total payments to us of $6,794,389 over the course of five years. Fixed price contracts require the achievement of multiple, incremental m to receive the full award during each year of the contract. Under the terms of the contract, we performed certain in work towards the achievement of specific milestones against which we invoiced the government for fixed paymen

Originally, only the base year (year one of the contract) was effective for the parties; however, DARPA subsequen exercised its option on the remaining years of the contract. The milestones were comprised of planning, engineerin clinical targets, the achievement of which in some cases required the participation and contribution of third-party p under the contract. We commenced work under the contract in October 2011 and completed the contract in Septen

In February 2014, DARPA reduced the scope of our contract in years three through five of the contract. The reduc scope focused our research on exosomes, viruses and blood processing instrumentation. This scope reduction redu possible payments under the contract by $858,469 over years three through five.

In the fiscal year ended March 31, 2017, we invoiced the U.S. Government for the final two milestones under our contract in the aggregate amount of $387,438. As the DARPA contract was completed on September 30, 2016, we expect to record any future revenue related to that contract.

Subcontract with Battelle Memorial Institute

We entered into a subcontract agreement with Battelle in March 2013. Battelle was chosen by DARPA to be the pr
contractor on the systems integration portion of the original DARPA contract, and we were one of several subcont
that systems integration project. The Battelle subcontract was under a time and materials basis, and we began gene
revenues under the subcontract in the three months ended September 30, 2013. That contract has now concluded. T
Battelle subcontract was our first cost-reimbursable contract.

Our revenue under this contract was a function of cost reimbursement plus an overhead mark-up for hours devoted
project by specific employees (with specific hourly rates for those employees), for travel expenses related to the pr
any equipment purchased for the project and for the cost of any consultants hired by us to perform work on the pro
payment required approval by the program manager at Battelle.

Research and Development Costs

A substantial portion of our operating budget is used for research and development activities. The cost of research
development, all of which has been charged to operations, amounted to approximately $586,000 and $673,000 in t
years ended March 31, 2018 and 2017, respectively.

Intellectual Property

We currently own or have license rights to a number of U.S. and foreign patents and patent applications and endea
continually improve our intellectual property position. We consider the protection of our technology, whether own
licensed, to the exclusion of use by others, to be vital to our business. While we intend to focus primarily on patent
patentable technology, we may also rely on trade secrets, unpatented property, know-how, regulatory exclusivity, p
extensions and continuing technological innovation to develop our competitive position. We also own certain trade

Patents

The following table lists all of our issued patents and patent applications, including their ownership status:

Patents Issued in the United States

PATENT #	PATENT NAME	ISSUANCE DATE	OWNED OR LICENSED	EXP DAT
9,707,333	Extracorporeal removal of microvesicular particles	7/18/17	Owned	1/6/
9,364,601	Extracorporeal removal of microvesicular particles	6/14/16	Owned	10/2
8,288,172	Extracorporeal removal of microvesicular particles (exosomes) (method patent)	10/16/12	Owned	3/30
7,226,429	Method for removal of viruses from blood by lectin affinity hemodialysis	6/5/07	Owned	1/20
6,528,057	Method for removal of HIV and other viruses from blood	3/4/03	Licensed	8/30

Patent Applications Pending in the United States

APPLICATION #	APPLICATION NAME	FILING DATE	OW LI
15/866780	Affinity capture of circulating biomarkers	1/10/18	Ow
15/567500	Methods for delivering regional citrate anticoagulation (RCA) during extracorporeal blood treatments	10/18/17	Ow
15/121736	Brain specific exosome based diagnostics and extracorporeal therapies	8/25/16	Ow
62/541538	Multiplex cerebrospinal fluid processing system	8/04/17	Ow
14/856361	Device and method for purifying virally infected blood	9/16/15	Ow
14/490418	Method for removal of viruses from blood by lectin affinity hemodialysis	9/18/14	Ow
13/808561	Methods and compositions for quantifying exosomes	8/14/13	Ow

Foreign Patents

PATENT #	PATENT NAME	ISSUANCE DATE	OWNED OR LICENSED	EXP DAT
3110977	Brain specific exosome based diagnostics and extracorporeal therapies (Denmark)	5/16/18	Owned	9/12
3110977	Brain specific exosome based diagnostics and extracorporeal therapies (France)	5/16/18	Owned	9/12
3110977	Brain specific exosome based diagnostics and extracorporeal therapies (Germany)	5/16/18	Owned	9/12
3110977	Brain specific exosome based diagnostics and extracorporeal therapies (Ireland)	5/16/18	Owned	9/12
3110977	Brain specific exosome based diagnostics and extracorporeal therapies (Great Britain)	5/16/18	Owned	9/12
3110977	Brain specific exosome based diagnostics and extracorporeal therapies (Sweden)	5/16/18	Owned	9/12
3110977	Brain specific exosome based diagnostics and extracorporeal therapies (Netherlands)	5/16/18	Owned	9/12
3110977	Brain specific exosome based diagnostics and extracorporeal therapies (Switzerland)	5/16/18	Owned	9/12
2353399	Method for removal of viruses from blood by lectin affinity hemodialysis (Russia)	4/27/09	Owned	1/20
770344	Method for removal of HIV and other viruses from blood (Australia)	6/3/04	Licensed	8/30
DE69929986	Method for removal of HIV and other viruses from blood (Germany)	2/22/06	Licensed	8/30
1109564	Method for removal of HIV and other viruses from blood (France)	2/22/06	Licensed	8/30
1109564	Method for removal of HIV and other viruses from blood (Great Britain)	2/22/06	Licensed	8/30
1109564	Method for removal of HIV and other viruses from blood (Italy)	2/22/06	Licensed	8/30
2342203	Method for removal of HIV and other viruses from blood (Canada)	3/1/11	Licensed	8/30
1624785	Method for removal of viruses from blood by lectin affinity hemodialysis (Belgium)	7/17/13	Owned	1/20
1624785	Method for removal of viruses from blood by lectin affinity hemodialysis (Ireland)	7/17/13	Owned	1/20
1624785	Method for removal of viruses from blood by lectin affinity hemodialysis (Italy)	7/17/13	Owned	1/20
1624785	Method for removal of viruses from blood by lectin affinity hemodialysis (Great Britain)	7/17/13	Owned	1/20
1624785	Method for removal of viruses from blood by lectin affinity hemodialysis (France)	7/17/13	Owned	1/20
1624785	Method for removal of viruses from blood by lectin affinity hemodialysis (Germany)	7/17/13	Owned	1/20
2516403	Method for removal of viruses from blood by lectin affinity hemodialysis (Canada)	8/12/14	Owned	1/20
2591359	Methods for quantifying exosomes (Germany)	3/01/17	Owned	7/07

2591359	Methods for quantifying exosomes (France)	3/01/17	Owned	7/07
2591359	Methods for quantifying exosomes (Great Britain)	3/01/17	Owned	7/07
2591359	Methods for quantifying exosomes (Spain)	3/01/17	Owned	7/07

Foreign Patent Applications

APPLICATION #	APPLICATION NAME	FILING DATE	OW LI
DE 112016001400.7	Methods of delivering regional citrate anticoagulation (RCA) during extracorporeal blood treatments	10/23/17	Ow
EP20070752778	Extracorporeal removal of microvesicular particles (exosomes) (Europe)	3/9/07	Ow
9104740.6	Extracorporeal removal of microvesicular particles (exosomes) (Hong Kong)	3/9/07	Ow
8139/DELNP/2008	Extracorporeal removal of microvesicular particles (exosomes) (India)	3/9/07	Ow
2644855	Extracorporeal removal of microvesicular particles (Canada)	3/9/07	Ow
2939652	Brain specific exosome based diagnostics and extracorporeal therapies (Canada)	8/12/06	Ow
18166085.3	Brain specific exosome based diagnostics and extracorporeal therapies (Europe)	4/6/18	Ow

International Patent Applications

APPLICATION #	APPLICATION NAME	FILING DATE	O LI
PCT/US2016/062194	Exosomal tau as a biomarker for brain disorders	11/16/16	Ov
PCT/US2016/028482	Methods for delivering regional citrate anticoagulation during extracorporeal blood treatments	4/20/16	Ov

We expect that our ability to enforce our patents and proprietary rights in many countries will be adversely impact possible changes in law, our lack of familiarity with foreign law, or our lack of professional resources in jurisdictio the U.S. We cannot guarantee that any patents issued or licensed to us, including within the U.S., will provide us v competitive advantages or will not be challenged by others, or will not expire prior to our successful commercializ our products. Furthermore, we cannot be certain that others will not independently develop similar products or wil design around patents issued or licensed to us. We cannot guarantee that patents that are issued will not be challen invalidated or infringed upon or designed around by others, or that the claims contained in such patents will not in patent claims of others, or provide us with significant protection against competitive products, or otherwise be con valuable. We may need to acquire licenses under patents belonging to others for technology potentially useful or n us. If any such licenses are required, we cannot be certain that they will be available on terms acceptable to us, if a the extent that we are unable to obtain patent protection for our products or technology, our business may be mater adversely affected by competitors who develop substantially equivalent technology.

Trademarks

We have obtained trademark registrations in the U.S. for Hemopurifier, Aethlon Medical, Inc., and the Exosome S Logo and obtained a trademark registration in India for Hemopurifier. Exosome Sciences, Inc. has applied for the trademark in the U.S., which application is currently pending. We also have common law trademark rights in Aeth ADAPT™ and ELLSA™.

Licensing and Assignment Agreements

Effective January 1, 2000, we entered into an agreement with a related party under which an invention and related rights for a method of removing Human Immunodeficiency and other viruses from the blood were assigned to us b inventors in exchange for an 8.75% royalty to be paid on future net sales of the patented product or process and sh common stock. On March 4, 2003, the related patent (patent #6,528,057) was issued, and we issued 3,922 shares o

unregistered common stock to that related party. The license runs for the life of the patent, which expires in Augus

On November 7, 2006, we entered into an exclusive assignment agreement with the London Health Science Cente Research, Inc. under which an invention and related patent rights for a method to treat cancer were assigned to us. invention provides for the "Extracorporeal removal of microvesicular particles" for which the U.S. Patent and Trad Office allowed a patent (patent #8,288,172) in the U.S. as of October 2012. The agreement provides for an upfront of 800 shares of unregistered common stock and a 2% royalty on any future net sales. We are also responsible for certain patent application and filing costs. Under the assignment agreement, we own the patents outright for the lif patent, which expires in March 2029. Under certain circumstances, ownership of the patents may revert to the Lon Science Center Research, Inc. if there is an uncured substantial breach of the assignment agreement.

Industry & Competition

The industry for treating infectious disease and cancer is extremely competitive, and companies developing new tr procedures face significant capital and regulatory challenges. As our Hemopurifier is a clinical-stage device, we ha additional challenge of establishing medical industry support, which will be driven by treatment data resulting fro clinical studies. Should our device become market cleared by FDA or the regulatory body of another country, we m significant competition from well-funded pharmaceutical organizations. Additionally, we would likely need to esta large-scale production of our device in order to be competitive. We believe that our Hemopurifier is a first-in-class therapeutic candidate and we are not aware of any affinity hemofiltration device being market cleared in any count single-use removal of circulating viruses or tumor-derived exosomes.

Government Regulation of Medical Devices

The Hemopurifier is subject to regulation by numerous regulatory bodies, primarily the FDA, and comparable inte regulatory agencies. These agencies require manufacturers of medical devices to comply with applicable laws and regulations governing the development, testing, manufacturing, labeling, marketing, storage, distribution, advertisi promotion, and post-marketing surveillance reporting of medical devices. Devices are generally subject to varying regulatory control, the most comprehensive of which requires that a clinical evaluation program be conducted befo device receives approval for commercial distribution. Failure to obtain approval or clearance to market our produc products under development and to meet the ongoing requirements of these regulatory authorities could prevent us commercializing the Hemopurifier and future products in the U.S. and elsewhere.

Hemopurifier Investigational Device Exemption and Supplement

In 2013, the FDA approved our investigational device exemption to initiate human clinical studies in the U.S. as a study entitled “A Clinical Safety Study of the Aethlon Hemopurifier® in Chronic ESRD Patients With HCV Infec were required to reach agreement with the internal review board of DaVita MedCenter Dialysis prior to beginning clinical trial. We are also required to obtain patients' informed consent that complies with both FDA requirements and federal privacy regulations. We, the FDA or the internal review board at each site at which a clinical trial is be performed may suspend a clinical trial at any time for various reasons, including a belief that the risks to study sub outweigh the benefits. Even if a trial is completed, the results of clinical testing may not demonstrate the safety an of the device, may be equivocal or may otherwise not be sufficient to obtain approval of the product. The investiga device exemption is part of the FDA’s clearance process. This process is discussed in detail in the “Pre-Marketing in the U.S.” section below.

In December 2014, the FDA approved our request for a supplement to our investigational device exemption to esta protocol to clinically investigate the use of the Hemopurifier for the treatment of Ebola-infected patients in the U.S the supplement, we may treat up to 20 Ebola-infected persons, at no more than 10 institutions in the U.S., using the supplement protocol; however, this is not a clinical trial. We must clearly distinguish data collected in the supplem protocol from data collected in our IDE feasibility study (discussed above). Prior to treating Ebola-infected patient comply with specified patient protection procedures established by the applicable institution including its institutio board. Also, we must report any unanticipated device-related adverse events resulting from the supplement protoc FDA within 10 working days. Even if the protocol is established, and patients are treated, the results of such treatm not demonstrate the safety and efficacy of the device.

DaVita MedCenter Dialysis treated a total of eight patients per the IDE feasibility study protocol and then notified was unlikely that they would be able to locate additional subjects who would meet the study inclusion criteria. The April 11, 2017, we notified the FDA that we were concluding the trial with the eight patients treated. The FDA acc

decision to terminate the trial with eight patients completed. We subsequently submitted preliminary and final clin reports, which were accepted by FDA.

Pre-Marketing Regulations in the U.S.

Unless an exemption applies, each medical device distributed commercially in the U.S. requires either prior 510(k) or premarket approval, or PMA, from the FDA. The FDA classifies medical devices into one of three classes. Clas are subject to only general controls, such as establishment registration and device listing, labeling, medical device and prohibitions against adulteration and misbranding. Class II medical devices generally require prior 510(k) clea before they may be commercially marketed in the U.S. Devices deemed by the FDA to pose the greatest risk, such life-sustaining, life-supporting or implantable devices, or devices deemed not substantially equivalent to a predicat are placed in Class III, generally requiring submission of a PMA supported by clinical trial data.

In the United States, our Hemopurifier is classified as a combination product whose regulatory jurisdiction is The Devices and Radiological Health (CDRH), the branch of FDA responsible for the premarket approval of all medic It is anticipated that the Hemopurifier will generally require the submission of a PMA supported by clinical trial da future, we may develop new therapeutic candidates that are considered 510(k), Class II or Class III products.

510(k) Clearance Pathway

To obtain 510(k) clearance, a premarket notification must be submitted to FDA demonstrating that the proposed d substantially equivalent to a previously cleared 510(k) device or a device that was in commercial distribution befo 1976 for which the FDA has not yet called for the submission of premarket approval applications. FDA's 510(k) c pathway usually takes from three to twelve months, but it can take significantly longer. The FDA may require add information, including clinical data, to make a determination regarding substantial equivalence.

After a device receives 510(k) clearance, any modification that could significantly affect its safety or effectiveness would constitute a new or major change in its intended use, will require a new 510(k) clearance or, depending on t modification, require premarket approval. The FDA requires each manufacturer to determine whether the proposed requires submission of a 510(k), or a premarket approval, but the FDA can review any such decision and can disag manufacturer's determination. If the FDA disagrees with a manufacturer's determination, the FDA can require the manufacturer to cease marketing and/or recall the modified device until 510(k) clearance or premarket approval is If the FDA requires a 510(k) holder to seek 510(k) clearance or premarket approval for any modifications to a prev cleared product, the 510(k) holder also may be required to cease marketing or recall the modified device until this or approval is obtained.

Premarket Approval Pathway

A PMA must be supported by extensive data, including but not limited to data obtained from technical, preclinical clinical studies and relating to manufacturing and labeling to demonstrate to the FDA's satisfaction the safety and effectiveness of the device.

After a PMA submission is sufficiently complete, the FDA will accept the application and begin an in-depth revie generally takes between one and three years, but may take significantly longer. During this review period, the FDA typically request additional information or clarification of the information already provided. Also, an advisory pan experts from outside the FDA may be convened to review and evaluate the application and provide recommendati FDA as to the approvability of the device. The FDA may or may not accept the panel's recommendation. In additi FDA will conduct a pre-approval inspection of the manufacturing facility to ensure compliance with Quality Syste Regulation, or QSR. New PMA applications or PMA supplements are required for modifications that affect the sa effectiveness of the device, including, for example, certain types of modifications to the device's indication for use manufacturing process, labeling and design. PMA supplements often require submission of the same type of inform PMA application, except that the supplement is limited to information needed to support any changes from the dev covered by the original PMA application and may not require as extensive clinical data or the convening of an adv panel.

Clinical Trials

Clinical trials are almost always required to support a PMA. To perform a clinical trial in the U.S. for a significant device, FDA requires the device sponsor to file an Investigational Device Exemption, or IDE, application with the obtain IDE approval prior to commencing the human clinical trial. An IDE amendment or supplement must also be submitted before initiating a significant change to the clinical protocol or device under an existing IDE. The IDE a must be supported by appropriate data, such as animal and laboratory testing results, and any available data on hun clinical experience, showing that it is safe to test the device in humans and that the testing protocol is scientifically

The IDE must be approved in advance by the FDA for a specific number of patients. Clinical trials conducted in th significant risk devices may begin once the IDE application is approved by the FDA and the appropriate institution boards, or IRBs, overseeing the welfare of the research subjects and responsible for that particular clinical trial. Un regulations, the FDA responds to an IDE or an IDE amendment within 30 days. The FDA may approve the IDE or amendment, grant an approval with certain conditions, or identify deficiencies and request additional information. common for the FDA to require additional information before approving an IDE or amendment for a new trial, and FDA approval on a submission may require more than the initial 30 days. The FDA may also require that a small-s feasibility study be conducted before a pivotal trial may commence. In a feasibility trial, the FDA limits the numbe patients, sites and investigators that may participate. Feasibility trials are typically structured to obtain information and to help determine how large a pivotal trial should be to obtain statistically significant results.

Clinical trials are subject to extensive recordkeeping and reporting requirements. Our clinical trials must be conduc
the oversight of an IRB for the relevant clinical trial sites and must comply with FDA regulations, including but no
to those relating to good clinical practices. We are also required to obtain the patients' informed consent in form an
substance that complies with both FDA requirements and state and federal privacy and human subject protection re
We, the FDA or the IRB may suspend a clinical trial at any time for various reasons, including a belief that the risk
subjects outweigh the anticipated benefits. Even if a trial is completed, the results of clinical testing may not adequ
demonstrate the safety and effectiveness of the device or may otherwise not be sufficient to obtain FDA approval t
the product in the U.S.

Post-Marketing Regulations in the U.S.

Should our Hemopurifier device be cleared for market use in the U.S. by the FDA, numerous regulatory requireme
continue to apply. These include:

- the FDA's Quality System Regulation which requires manufacturers, including third-party manufacturers, to follo stringent design, testing, control, documentation and other quality assurance procedures during all aspects of the manufacturing process;
- labeling regulations and FDA prohibitions against the promotion of products for un-cleared, unapproved or off-la
- clearance or approval of product modifications that could significantly affect safety or efficacy or that would con major change in intended use;
- medical device reporting regulations, which require that manufacturers report to the FDA if their device may hav or contributed to a death or serious injury or malfunctioned in a way that would likely cause or contribute to a de serious injury if the malfunction were to recur;
- product listing and establishment registration, which helps facilitate FDA inspections and other regulatory action
- post-market surveillance regulations, which apply when necessary to protect the public health or to provide addit safety and effectiveness data for the device.

The regulations also require that we report to the FDA any incident in which our product may have caused or cont
a death or serious injury or in which our product malfunctioned and, if the malfunction were to recur, would likely
contribute to death or serious injury.

We will also be required to register with FDA as a medical device manufacturer within 30 days of commercial dist
our products and must obtain all necessary state permits or licenses to operate our business. As a manufacturer, we

subject to announced and unannounced inspections by FDA to determine our compliance with quality system regu
other regulations, and these inspections may include the manufacturing facilities of our suppliers. Failure by us or
suppliers to comply with applicable regulatory requirements can result in enforcement action by the FDA or state a
which may include any of the following sanctions:

- untitled letters, warning letters, fines, injunctions, consent decrees and civil penalties;
- unanticipated expenditures to address or defend such actions;
- customer notifications for repair, replacement, refunds;
- recall, detention or seizure of our products;
- operating restrictions or partial suspension or total shutdown of production;
- refusing or delaying our requests for premarket approval of new products or modified products;
- operating restrictions;
- withdrawing PMA approvals that have already been granted;
- refusal to grant export approval for our products; or
- criminal prosecution.

Compliance with U.S. Health Care Laws

Should our Hemopurifier device be cleared for market use in the U.S. by the FDA, we must comply with various U
federal and state laws, rules and regulations pertaining to healthcare fraud and abuse, including anti-kickback regu
well as other healthcare laws in connection with the commercialization of our products. Fraud and abuse laws are
broadly and enforced aggressively by various state and federal agencies, including the U.S. Department of Justice,
Office of Inspector General for the Department of Health and Human Services and various state agencies.

The U.S. federal Anti-Kickback Statute, 42 U.S.C. § 1320a-7b, as amended, prohibits persons, including a medica
manufacturer (or a party acting on its behalf), from knowingly or willfully soliciting, receiving, offering or paying
remuneration, directly or indirectly, in exchange for or to induce either the referral of an individual for a service or
or the purchasing, ordering, arranging for, or recommending the ordering of, any service or product for which payr
be made by Medicare, Medicaid or any other federal healthcare program. This statute has been interpreted to apply
arrangements between medical device manufacturers on one hand and healthcare providers on the other. The term
"remuneration" is not defined in the federal Anti-Kickback Statute and has been broadly interpreted to include any
value, such as cash payments, gifts or gift certificates, discounts, waiver of payments, credit arrangements, owners
interests, the furnishing of services, supplies or equipment, and the provision of anything at less than its fair marke
Courts have broadly interpreted the scope of the law, holding that it may be violated if merely one purpose of an
arrangement is to induce referrals, irrespective of the existence of other legitimate purposes. The Anti-Kickback St
prohibits many arrangements and practices that are lawful in businesses outside of the healthcare industry. Althoug
are a number of statutory exemptions and regulatory safe harbors protecting certain business arrangements from pr
the exemptions and safe harbors are drawn narrowly, and practices that involve remuneration intended to induce p
purchasing or recommending may be subject to scrutiny if they do not qualify for an exemption or safe harbor. Ou
may not in all cases meet all of the criteria for safe harbor protection from federal Anti-Kickback Statute liability.
of the Anti-Kickback Statute was broadened by the recently enacted Patient Protection and Affordable Care Act of
the Health Care and Education Affordability Reconciliation Act of 2010, collectively, the Affordable Care Act or A
which, among other things, amends the intent requirement of the federal Anti-Kickback Statute such that a person
no longer needs to have actual knowledge of the statute or specific intent to violate it in order to have committed a
In addition, the ACA provides that the government may assert that a claim including items or services resulting fro
violation of the federal Anti-Kickback Statute constitutes a false or fraudulent claim for purposes of the federal Fa
Act (discussed below) or the civil monetary penalties statute, which imposes fines against any person who is deter
have presented or caused to be presented claims to a federal healthcare program that the person knows or should k
an item or service that was not provided as claimed or is false or fraudulent. In addition to the federal Anti-Kickba
many states have their own anti-kickback laws. Often, these laws closely follow the language of the federal law, al
they do not always have the same scope, exceptions, safe harbors or sanctions. In some states, these anti-kickback
not only to payments made by government healthcare programs but also to payments made by other third-party pa
including commercial insurance companies.

We may also be subject to various federal and state marketing laws, such as the federal Physician Payments Sunsh
which generally require certain types of expenditures in the U.S. and the particular states to be tracked and reporte
federal Physician Payment Sunshine Act, being implemented as the Open Payments Program, requires certain

pharmaceutical and medical device manufacturers to engage in extensive tracking of payments or transfers of valu physicians and teaching hospitals, maintenance of a payments database, and public reporting of the payment data. manufacturers with products for which payment is available under Medicare, Medicaid or the State Children's Hea Insurance Program are required to track and report such payments. Moreover, several states have enacted legislatio requiring pharmaceutical and medical device companies to establish marketing compliance programs or even proh providing meals to prescribers or other marketing related activities. Compliance with such requirements may requi investment in infrastructure to ensure that tracking and reporting is performed properly. Although compliance prog mitigate the risk of investigation and prosecution for violations of these laws, the risks cannot be entirely eliminate

International Regulation

International development and sales of medical devices are subject to foreign government regulations, which may substantially from country to country. The time required to obtain approval by a foreign country may be longer or than that required for FDA approval, and the requirements may be significantly different. At present, we are not se market clearance of our device in any region beyond the United States.

Manufacturing

Manufacturing of our Hemopurifier occurs in collaboration with a contract manufacturer based in San Diego, Cali is compliant with the Good Manufacturing Practice regulations promulgated by the FDA. Our contract manufactu registered with the FDA. Previously, we did receive an export license from FDA that allows for the export of our Hemopurifier to support clinical studies in India. To date, our manufacture of the Hemopurifier has been limited to necessary to support our clinical studies.

Sources and Suppliers

We are not dependent on any specific vendors for the materials used in our Hemopurifier. The key raw materials i Hemopurifier include the affinity lectin Galanthus nivalis agglutinin, pharmaceutical grade diatomaceous earth, plasmapheresis cartridges and certain chemical binding agents. The affinity lectin is available from several life sci supply companies in the U.S. Diatomaceous earth is available from several life science supply companies in the U date, we have purchased plasmapheresis cartridges from one vendor in Europe however similar cartridges are com available from vendors on a worldwide basis should that European vendor cease to be available for any reason, inc prohibitive pricing. The chemical binding agents are available from several life science supply companies on a wo basis. We typically purchase our raw materials on purchase order basis. Therefore, we remain subject to risks of su shortages and price increases that potentially could materially adversely affect our financial condition and operatin and when we begin large-scale manufacture of the Hemopurifier.

The key raw materials used by Exosome Sciences, Inc. in its research are blood samples supplied by research partn number of chemical and lab products commercially available from vendors on a worldwide basis. Exosome Scienc not dependent on any specific vendors for the materials used in its research activities.

Sales and Marketing

We do not currently have any sales and marketing capability. With respect to commercialization efforts in the futu intend to build or contract for distribution, sales and marketing capabilities for any product candidate that is approv time to time, we have had and are having strategic discussions with potential collaboration partners for our produc candidates, although no assurance can be given that we will be able to enter into one or more collaboration agreem our product candidates on acceptable terms, if at all.

Product Liability

The risk of product liability claims, product recalls and associated adverse publicity is inherent in the testing, manu
marketing and sale of medical products. We have limited clinical trial liability insurance coverage. We cannot assu
that future insurance coverage will be adequate or available. We may not be able to secure product liability insuran
coverage on acceptable terms or at reasonable costs when needed. Any liability for mandatory damages could exce
amount of our coverage. A successful product liability claim against us could require us to pay a substantial monet
Moreover, a product recall could generate substantial negative publicity about our products and business and inhib
prevent commercialization of other future product candidates.

Employees

We have six full-time employees consisting of our Chief Executive Officer, our President, our Chief Financial Off
research scientists and an executive assistant. We utilize, whenever appropriate, consultants in order to conserve ca
resources.

We believe our employee relations are good. None of our employees are represented by a labor union or are subjec
collective-bargaining agreements.

DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our officers, directors, and persons who own more t of a registered class of our equity securities to file reports of ownership and changes in ownership with the Securit Exchange Commission. Officers, directors, and greater than 10% beneficial owners are required by Securities and Commission regulation to furnish the Company with copies of all Section 16(a) forms they file. Based solely on ou of copies of the Section 16(a) reports filed for the fiscal year ended March 31, 2018, we believe that all filing requ applicable to our officers, directors, and greater than 10% beneficial owners were complied with.

DIRECTORS AND EXECUTIVE OFFICERS

The names, ages and positions of our directors and executive officers as of June 8, 2018 are listed below:

NAMES	TITLE OR POSITION (6)	AGE
James A. Joyce (1)	Chief Executive Officer and Secretary	56
Charles J. Fisher, Jr. (4)	Chairman and Director	71
Rodney S. Kenley (2)	President and Director	68
James B. Frakes (3)	Chief Financial Officer and Senior Vice President - Finance	61
Sabrina Martucci Johnson (5)	Director	51
Edward G. Broenniman	Director	81
Chetan S. Shah, MD	Director	49
Guy Cipriani (7)	Director	48

(1) Effective June 1, 2001, Mr. Joyce was appointed our President and Chief Executive Officer. Mr. Joyce resigne position of President upon the appointment of Mr. Kenley to such position on October 27, 2010 and as Chairman u appointment of Dr. Fisher to such position as of November 27, 2017.

(2) Effective October 27, 2010, Mr. Kenley was appointed as our President.

(3) Effective September 27, 2010, Mr. Frakes was appointed as our Chief Financial Officer.

(4) Charles J. Fisher, Jr., M.D. was appointed to our Board on November 6, 2017 and was appointed as our new C
November 27, 2017.

(5) Ms. Johnson was appointed to our Board on January 4, 2018.

(6) The Board has determined that Mr. Broenniman, Drs. Fisher and Shah, Mr. Cipriani and Ms. Johnson meet the
requirements to be determined as “independent directors” for all purposes, including compensation committee and
committee purposes, under the NASDAQ rules and for federal securities law purposes. Messrs. Joyce and Kenley
independent as they also function as our executive officers.

(7) Guy Cipriani joined our Board of Directors on June 19, 2018.

Certain additional information concerning the individuals named above is set forth below. This information is base
information furnished us by each individual noted.

James A. Joyce, Chief Executive Officer and Secretary

Mr. Joyce is the founder of Aethlon Medical, Inc. and had been the Chairman of the Board and Secretary since Ma
and resigned as Chairman in November 2017 upon appointment of Dr. Fisher to the position. On June 1, 2001, our
Directors appointed Mr. Joyce to the additional role of Chief Executive Officer. Mr. Joyce also serves as the Execu
Chairman of Exosome Sciences, Inc. In 1992, Mr. Joyce founded and was the sole stockholder of James Joyce & A
an organization that provided management consulting and corporate finance advisory services to CEOs and CFOs
traded companies. Previously, from 1989 to 1991, Mr. Joyce was Chairman and Chief Executive Officer of Missio
Inc. Prior to that Mr. Joyce was a principal in charge of U.S. operations for London Zurich Securities, Inc. Mr. Joy
graduate of the University of Maryland. We believe that Mr. Joyce is qualified to serve as our director because of h
founding our company and his prior experience, including his experience in the extracorporeal industry and in the
markets.

Charles J. Fisher, Jr., M.D., Chairman and Director

Dr. Fisher has been Executive Chairman of CytoPherx, Inc. since 2013 and CEO of Margaux Biologics, Inc. since
Prior to founding Margaux Biologics, he was Chief Medical Officer and Executive Vice President of Cardiome Ph
Corp. from 2005 to 2010 where he led the team that invented, developed, registered vernakalant, a novel, first in cl
multi-ion channel drug for atrial fibrillation (Brinavess). Dr. Fisher served as Head, Section of Critical Care Medic
Cleveland Clinic Foundation, and has held Professor, Division Chief and Director positions at the University of Ca
Davis Medical Center, Case Western Reserve University and The Cleveland Clinic Foundation. His research in sep
inflammation, host defense and endothelial dysfunction led to his recruitment to Eli Lilly & Co., where he led the
(activated Protein C) Global Product Team and successfully registered the first drug approved for the treatment of
Previously, he was Vice President for Global Pharmaceutical Development at Abbott Laboratories where, among o
accomplishments, he guided the registration of Humira. Additionally, Fisher is a multi-tour combat veteran, with e
military experience in Special Operations. He has served as a member of the Defense Science Research Council an
DARPA panels, including one focused on universal host defense. We believe Dr. Fisher is qualified to serve as our
because of his strong background and experience in the life sciences industry and with public companies.

Rodney S. Kenley, President and Director

Mr. Kenley has been President and a Director since October 2010. He has 38 years of experience in healthcare, mo which have been spent in the extracorporeal blood purification arena. Mr. Kenley held several positions at Baxter (Travenol) from 1977 through 1990 including International Marketing Manager, Business Unit Manager for Perito Hemodialysis products, Manager of New Business Development, Director of Worldwide Product Planning, Direct Advanced Product Development, and VP of Electronic Drug Infusion. Mr. Kenley founded Aksys Ltd. in January develop and commercialize his concept of a daily home hemodialysis system which was commercially launched in the PHD system. In 2004, Mr. Kenley initiated the development of a second-generation home hemodialysis system partnership with DEKA Research & Development Corporation in Manchester, New Hampshire. In 2007, the asset Ltd. were acquired by DEKA, where Mr. Kenley was employed prior to joining Aethlon Medical, Inc. Mr. Kenley his Bachelor of Arts degree in Biology and Chemistry from Wabash College, a Master's of Science degree in Mole Biology from Northwestern University and a Masters of Management from the Kellogg School of Management, al Northwestern University. We believe that Mr. Kenley is qualified to serve as our director as a result of his experien developing extracorporeal blood purification products.

James B. Frakes, Chief Financial Officer and Senior Vice President – Finance

Mr. Frakes joined Aethlon Medical, Inc. in January 2008 and brought 16 consecutive years of financial responsibil publicly traded companies, as well as specific knowledge and experience in equity and debt transactions, acquisitio reporting and Sarbanes-Oxley Section 404 internal control requirements. Mr. Frakes also serves as the Chief Finan Officer of Exosome Sciences, Inc. He previously served as the CFO for Left Behind Games Inc., a start-up video g company. Prior to 2006, he served as CFO of NTN Buzztime, Inc., an interactive entertainment company. Mr. Fra received an MBA from the University of Southern California and completed his BA with Honors at Stanford Univ

Sabrina Martucci Johnson, Director

Ms. Johnson founded Daré Science Operations, Inc. in 2015 and has served as President, CEO and a member of th
Directors since its inception. This company was acquired through a reverse merger by Cerulean Pharma Inc. on Ju
2017, and Ms. Johnson assumed the roles of President, CEO and a member of the Board of Directors of the renam
company, Daré Bioscience, Inc. Prior to founding Daré, Ms. Johnson was President of WomanCare Global Tradin
specialty pharmaceutical company in female reproductive healthcare with commercial product distribution in over
countries, from October of 2014 to May of 2015. Before serving as President of WomanCare Global Trading, Ms.
provided financial consulting services to the WomanCare Global family of companies, including the for-profit Tra
division as well as the United Kingdom-based non-profit division, from November of 2012 to July of 2013, when
full time as WomanCare's Chief Financial Officer and Chief Operating Officer until becoming President of the Tr
division. In addition, Ms. Johnson served as Chief Operating Officer and Chief Financial Officer of Cypress Biosc
until its sale in 2010. Ms. Johnson also held marketing and sales positions with Advanced Tissue Sciences and Clo
Corporation. She began her career in the biotechnology industry as a research scientist with Baxter Healthcare, Hy
Division, working on their recombinant factor VIII program. Ms. Johnson currently serves on the YWCA of San D
County Board of Directors as Past President, PPPSW Board of Directors, Athena San Diego Board of Directors as
Chair, Tulane University School of Science & Engineering Board of Advisors, University of California San Diego
Librarian's Advisory Board as Chair and Project Concern International Audit Committee. Ms. Johnson is also Imm
Co-President of Women Give San Diego, which funds non-profit organizations serving women and girls in San Di
holds an MIM from the American Graduate School of International Management (Thunderbird) with honors, a MS
Biochemical Engineering from the University of London, University College London, and a BSc. in Biomedical E
from Tulane University, where she graduated magna cum laude. We believe Ms. Johnson is qualified to serve as o
due to her public company and life sciences background.

Edward G. Broenniman, Director

Mr. Broenniman became a director of Aethlon Medical, Inc. in March 1999. He has been the Managing Director o
Piedmont Group, LLC, a venture advisory firm, since 1978. Mr. Broenniman recently served on the Board of Dire
publicly traded QuesTech (acquired by CACI International), and currently serves on the Boards of two privately h
His nonprofit Boards are the Dingman Center for Entrepreneurship's Board of Advisors at the University of Maryl
National Association of Corporate Directors, National Capital Chapter (Founder, Chair from 2003 to 2005 and Dir
2001 to 2014) and the Board of the Association for Corporate Growth, National Capital Chapter. We believe that M
Broenniman is qualified to serve as our director because of his extensive management experience.

Chetan S. Shah, MD, Director

Dr. Shah became a director of Aethlon Medical, Inc. in June 2013. Dr. Shah is a board certified Otolaryngologist. Advisory Board Member at The Bank of Princeton, and a partner and Board member of the Surgery Center at Han well as Physician Management Systems and Princeton Eye & Ear, which he founded in 2009. Dr. Shah serves on t of two other private companies. He holds teaching positions and serves on multiple hospital committees in the area the Audiology and Speech Language Pathology Committee for the State of New Jersey. He also is a member of the Medical Examiners for the State of New Jersey. Dr. Shah received his Bachelor's degree and Medical Degree from University and Robert Wood Johnson Medical School. We believe that Dr. Shah is qualified to serve as our directo of his medical background as both a board certified Otolaryngologist and a member of various medical boards and committees in New Jersey.

Guy Cipriani, Director

Mr. Cipriani is a business executive with nearly 20 years of experience in the pharmaceutical and biotech industrie extensive background includes corporate and business development, strategic planning, alliance management, and development activities. He has successfully completed over twenty deals of various types, including commercializ agreements, development agreements, discovery collaborations, distribution agreements across multiple therapeuti including cardiovascular, infectious disease, oncology, and CNS. Currently (and since July 2017), Mr. Cipriani ser Chief Business Officer at Microbion Corporation, a company focused on the development of a new class of antibio therapies for difficult to treat and resistant infections. His business and corporate development responsibilities at M include securing partnerships and raising dilutive and non-dilutive capital for the company's promising clinical-sta pipeline. From July 2012 to July 2017, he served as Vice President of Business Development at Cascadian Therap where he was responsible for licensing-in several promising pipeline candidates and generating external interest in company's clinical-stage pipeline to set the stage for future strategic transactions. Prior to that role, Mr. Cipriani se Vice President of Business Development at Cardiome Pharma Corp. where he led the negotiation of a US $800 mi global development and co-commercialization licensing deal with Merck & Company in 2009 around the company Phase 3 cardiovascular program. Prior to Cardiome, Mr. Cipriani served as Senior Director of Business Developm TransForm Pharmaceuticals, Inc., where his efforts helped facilitate the company's acquisition by Johnson and Joh $230 million in 2005. Mr. Cipriani began his pharmaceutical industry career at Eli Lilly & Company as a member Corporate Business Development team where he completed multiple in-licensing and out-licensing transactions fo commercial, clinical and preclinical state assets. Mr. Cipriani holds a B.S.E.E., High Honors from Rochester Insti Technology and an MBA from the Kellogg Graduate School of Management at Northwestern University. The Cor determined that Mr. Cipriani is a valuable asset to its Board due to his vast experience in business and transactiona development and execution in the life sciences industry.

Board of Directors

Our Board of Directors has the responsibility for establishing broad corporate policies and for overseeing our over performance. Members of the Board of Directors are kept informed of our business activities through discussions CEO, President and other officers, by reviewing analyses and reports sent to them, and by participating in Board a committee meetings. Our bylaws provide that each of the directors serves for a term that extends to our next annua of stockholders. Our Board of Directors presently has an Audit Committee, a Compensation Committee and a Nor and Corporate Governance Committee, on each of which Mr. Broenniman and Dr. Shah serve. Mr. Broenniman is of the Audit Committee and the Nominating and Corporate Governance Committee, and Dr. Shah is Chairman of Compensation Committee.

2012 DIRECTORS COMPENSATION PROGRAM

In July 2012, our Board of Directors approved a board compensation program that modified and superseded the 20 Directors Compensation Program, which was previously in effect. Under the 2012 program, in which only non-em directors may participate, an eligible director will receive a grant of $35,000 worth of ten-year options to acquire s common stock, with such grant being valued at the exercise price based on the average of the closing bid prices of common stock for the five trading days preceding the first day of the fiscal year. In addition, under this program, e directors will receive cash compensation equal to $500 for each committee meeting attended and $1,000 for each f board meeting attended.

On June 6, 2014, our Board of Directors approved certain changes to the 2012 program. Under this modified progr eligible director will receive an initial grant of $50,000 worth of options to acquire shares of common stock, with s being valued at the exercise price based on the average of the closing bid prices of the common stock for the five t days preceding the first day of the fiscal year. These options will have a term of ten years and will vest 1/3 upon gr 1/3 upon each of the first two anniversaries of the date of grant. In addition, at the beginning of each fiscal year, ea existing director eligible to participate in the modified 2012 program also will receive a grant of $35,000 worth of valued at the exercise price based on the average of the closing bid prices of the common stock for the five trading preceding the first day of the fiscal year. Such options will vest on the first anniversary of the date of grant. In lieu meeting fees, eligible directors will receive an annual board retainer fee of $30,000. The modified 2012 program a provides for the following annual retainer fees: Audit Committee Chair - $5,000, Compensation Committee chair - Nominating Committee chair - $5,000, Audit Committee member - $4,000, Compensation Committee member - $ Nominating Committee member - $4,000 and lead independent director - $15,000.

On August 9, 2016, the Board approved further modifications to the program. Under the modified 2012 Program, only non-employee directors may participate, a new eligible director will receive an initial grant of $50,000 worth or, at the discretion of the Board, options to acquire shares of Common Stock. RSUs granted under this provision

valued based on the average of the closing prices of the Common Stock for the five trading days preceding and inc
date of grant and will vest at a rate determined by the Board in its discretion. Options granted under this provision
valued at the exercise price, which will be based on the average of the closing prices of the Common Stock for the
trading days preceding and including the date of grant. Such options will have a term of ten years and will vest at a
determined by the Board in its discretion.

At the beginning of each fiscal year, each existing director eligible to participate in the 2012 Program will receive
$35,000 worth of RSUs or, at the discretion of the Board, options to acquire shares of Common Stock. RSUs grant
this provision will be valued based on the average of the closing prices of the Common Stock for the five trading d
preceding and including the first day of the fiscal year (or preceding and including the date of grant, if such grant i
on the first day of the fiscal year) and will vest at a rate determined by the Board in its discretion. Options granted
provision will be valued at the exercise price, which will be based on the average of the closing prices of the Comm
for the five trading days preceding and including the first day of the fiscal year (or preceding and including the dat
if such grant is not made on the first day of the fiscal year). Such options will have a term of ten years and will ves
determined by the Board in its discretion.

The RSU grants and the changes to the 2012 Program were approved and recommended by our Compensation Co
prior to approval by the Board.

Family Relationships

There are no family relationships between or among the directors, executive officers or persons nominated or chos become directors or executive officers.

There are no arrangements or understandings between any two or more of our directors or executive officers or be of our directors or executive officers and any other person pursuant to which any director or officer was or is to be as a director or officer, and there is no arrangement, plan or understanding as to whether non-management stockho exercise their voting rights to continue to elect the current Board of Directors. There are also no arrangements, agr understandings between non-management stockholders that may directly or indirectly participate in or influence th management of our affairs.

Involvement in Legal Proceedings

To the best of our knowledge, during the past ten years, none of the following occurred with respect to a present o director or executive officer of our company: (1) any bankruptcy petition filed by or against such person or any bu which such person was a general partner or executive officer either at the time of the bankruptcy or within two yea that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excludin violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed suspended or vacated, of any court of any competent jurisdiction, permanently or temporarily enjoining, barring, s or otherwise limiting his involvement in any type of business, securities or banking activities; (4) being found by a competent jurisdiction (in a civil action), the Securities and Exchange Commission or the Commodities Futures Tr Commission to have violated a federal or state securities or commodities law, and the judgment has not been rever suspended or vacated; and (5) being the subject of, or a party to, any federal or state judicial or administrative orde judgment, decree or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of a or state securities or commodities law or regulation, law or regulation respecting financial institutions or insurance companies or law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or (the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-reg organization (as defined in Section 3(a)(26) of the Securities Exchange Act of 1934), any registered entity (as defi Section 1(a)(29) of the Commodity Exchange Act), or any equivalent exchange, association, entity or organization disciplinary authority over its members or associated persons.

Code of Ethics

On February 23, 2005, the Board of Directors approved a "Code of Business Conduct and Ethics," which applies t principal executive officer, our principal financial officer, our principal accounting officer and persons performing tasks. Our Code of Business Conduct and Ethics is available on our company website at www.aethlonmedical.com

Audit Committee and Audit Committee Financial Expert

Our Board of Directors formed an Audit Committee in May of 1999. Mr. Edward Broenniman (the Chairman of th Committee), Dr. Charles J. Fisher, Jr., Ms. Sabrina Martucci Johnson and Dr. Chetan S. Shah serve as members of Committee. The Board of Directors has determined that Mr. Broenniman and Ms. Johnson are "audit committee fi experts" as that term is defined by Item 407 of Regulation S-K. Mr. Broenniman, Ms. Johnson and Dr. Shah meets NASDAQ Stock Market's independence standards for members of such audit committees.

ITEM 11. EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION

The following executive compensation disclosure reflects all compensation awarded to, earned by or paid to the ex officers below for the fiscal years ended March 31, 2018 and March 31, 2017. The following table summarizes all compensation for fiscal years 2018 and 2017 received by our Chief Executive Officer, and our three most highly compensated executive officers who earned more than $100,000 in fiscal year 2018.

SUMMARY COMPENSATION TABLE FOR 2018 AND 2017 FISCAL YEARS

NAMED EXECUTIVE OFFICER AND PRINCIPAL POSITION	YEAR	SALARY ($)	BONUS ($)	STOCK AWARDS ($) (4)	OPTION AWARDS ($)	NON-EQUITY INCENTIVE PLAN COMPENSATION ($)	NON-QUALIFIED DEFERRED COMPEN-SATION EARNINGS ($)	ALL OTHER COMP ($)	T
James A. Joyce (1)	2018	$385,000	$ –	$231,806	$ –	$ –	$ –	$ –	$
CHIEF EXECUTIVE OFFICER	2017	$385,000	$ –	$678,380	$ –	$ –	$ –	$ –	$
James B. Frakes (2)	2018	$235,000	$ –	$19,013	$ –	$ –	$ –	$ –	$
CHIEF FINANCIAL OFFICER AND SVP-FINANCE	2017	$235,000	$ –	$55,640	$ –	$ –	$ –	$ –	$
Rodney S. Kenley (3)	2018	$275,000	$ –	$19,013	$ –	$ –	$ –	$ –	$
PRESIDENT	2017	$275,000	$ –	$55,640	$ –	$ –	$ –	$ –	$

(1) The aggregate number of stock awards and stock option awards issued to Mr. Joyce and outstanding as of Marc 2018 is 160,000 and 317,000, respectively.

(2) Mr. Frakes was appointed as Chief Financial Officer on September 27, 2010 after previously serving as Senior President-Finance on a part-time basis. The aggregate number of stock awards and stock option awards issued to M and outstanding as of March 31, 2018 is 26,000 and 25,000, respectively.

(3) Mr. Kenley was appointed President on October 27, 2011. The aggregate number of stock awards and stock op awards issued to Mr. Kenley and outstanding as of March 31, 2018 is 26,000 and 35,000, respectively.

(4) See note 5 to our financial statements for the years ended March 31, 2018 and 2017 regarding the assumptions valuing the restricted stock unit awards in the above table.

EMPLOYMENT CONTRACTS

We entered into an employment agreement with Mr. Joyce effective April 1, 1999. The agreement, which is cance
either party upon sixty days' notice, will be in effect until the Mr. Joyce retires or ceases to be employed by us. Un
terms of the agreement, if Mr. Joyce is terminated without cause, he will receive a payment equal to twelve month
salary, which was increased to $385,000 per year in September 2015 and has not since been adjusted.

Aethlon did not pay any bonus compensation to Mr. Joyce during the fiscal years ended March 31, 2018 and 2017
received bonus compensation totaling $60,000 from Exosome for services rendered during the fiscal years ended M
2018 and 2017. That bonus was based upon targets established by our compensation committee.

Mr. Joyce's employment agreement provides for medical insurance and disability benefits, and one year of severan
his employment is terminated by us without cause or due to change in our control before the expiration of the agre
allows for bonus compensation and stock option grants as determined by our Board of Directors. The agreement al
contains restrictive covenants preventing competition with us and the use of confidential business information, exc
connection with the performance of his duties for us, for a period of two years following the termination of his em
with us.

On September 27, 2010, Mr. Frakes was appointed our Chief Financial Officer. We have not entered into a written employment agreement with Mr. Frakes. As Chief Financial Officer, Mr. Frakes received an annual salary initially $180,000 and medical insurance benefits. In June 2014, his salary was increased from $180,000 to $210,000 per y September 2015, Mr. Frakes received a $25,000 salary increase from $210,000 to $235,000.

Aethlon did not pay any bonuses to Mr. Frakes during the fiscal years ended March 31, 2018 and 2017.

Mr. Kenley was appointed our President on October 27, 2010. Pursuant to a written offer of employment executed Mr. Kenley, he received an annual salary initially set at $240,000 and medical insurance benefits. In June 2014, hi was increased from $240,000 to $260,000 per year. In September 2015, Mr. Kenley received a $15,000 salary incr $260,000 to $275,000.

Aethlon did not pay any bonuses to Mr. Kenley during the fiscal years ended March 31, 2018 and 2017.

Restricted Stock Unit Compensation Program

On August 9, 2016, our Board of Directors (the “Board”) granted RSUs to certain of our officers and directors as s below. The RSUs represent the right to be issued on a future date shares of our common stock for vested RSUs. O Compensation Committee recommended the grants based on a compensation assessment provided by a third-party compensation consulting firm engaged by us that developed a peer group of companies for market assessment and compensation at such companies. That compensation assessment also recommended annual cash bonus targets of base salary.

The consultant recommended beneficial ownership targets, which we previously disclosed in our Proxy Statement February 23, 2016, in connection with our Annual Meeting of Stockholders held on March 29, 2016. In connectio Annual Meeting, our stockholders approved our Amended 2010 Stock Incentive Plan, which included an increase number of shares available for grant under the plan in part to accommodate equity awards recommended by the Compensation Committee, and our stockholders approved our executive compensation as disclosed in the Proxy S pursuant to Item 402 paragraphs (m) through (q) of Regulation S-K as shown below:

To Mr. James A. Joyce, an aggregate of 634,000 RSUs of which 158,500 were deemed vested upon grant and an a 39,625 RSUs will vest each quarter beginning on January 1, 2017. This grant is intended to increase Mr. Joyce’s b ownership of our common stock to 9.0%, which long term target was recommended in 2015 and in June 2016 by a

independent compensation consulting organization and then subsequently approved by our Board. Previously, in 2
Board approved a long term beneficial ownership target of 15% for Mr. Joyce. However, Mr. Joyce agreed to forg
ownership target in exchange for the Company's agreement to maintain Mr. Joyce's long-term beneficial ownersh
9% of our outstanding shares.

To Mr. Rodney S. Kenley, an aggregate of 52,000 RSUs of which 13,000 were deemed vested upon grant and an a
3,250 RSUs will vest each quarter beginning on January 1, 2017. This grant is intended to increase Mr. Kenley's b
ownership of our common stock to 0.5%, which long term target was recommended in 2015 and in June 2016 by t
compensation consultant engaged by us.

To Mr. James B. Frakes, an aggregate of 52,000 RSUs of which 13,000 were deemed vested upon grant and an ad
3,250 RSUs will vest each quarter beginning on January 1, 2017. This grant is intended to increase Mr. Frakes' be
ownership of our common stock to 0.5%, which long term target was recommended in 2015 and in June 2016 by t
compensation consultant engaged by us.

Outstanding Equity Awards at 2018 Fiscal Year-End

The following table sets forth certain information concerning stock option awards granted to our named executive

OUTSTANDING EQUITY AWARDS AT 2018 FISCAL YEAR END

	OPTIONS AWARDS					
NAME	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS EXERCISABLE (#)		RESTRICTED STOCK UNITS EXERCISED (#)	RESTRICTED STOCK UNITS UNEXERCISABLE (#)	OPTION EXERCISE PRICE ($)	DAT OPT EXP
James A. Joyce	40,000	(1)	–	–	$12.50	02/2
	50,000	(2)	–	–	$12.50	09/2
	40,000	(3)	–	–	$5.00	07/0
	30,000	(4)	–	–	$9.50	06/0
	–		317,000	317,000	N/A	N/A
James B. Frakes	10,000	(2)	–	–	$12.50	09/2
	10,000	(3)	–	–	$5.00	07/0
	5,000	(4)	–		$9.50	06/0
	–		26,000	26,000	N/A	N/A
Rodney S. Kenley	20,000	(5)	–	–	$12.50	10/2
	10,000	(3)	–	–	$5.00	7/01
	5,000	(4)	–	–	$9.50	06/0
	–		26,000	26,000	N/A	N/A

Note: All our stock options are fully vested or will completely vest within 60 days of this report.

(1) This option was fully vested as of December 15, 2010.

(2) This option was fully vested as of September 27, 2013.

(3) This option was fully vested as of July 1, 2017.

(4) This option was fully vested as of June 6, 2016.

(5) This option was fully vested as of October 27, 2014.

Director Compensation for 2018 Fiscal Year

The following director compensation disclosure reflects all compensation awarded to, earned by or paid to the dire
below for the fiscal year ended March 31, 2018.

	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	T (
James A. Joyce (1)	$–	–	–	–	–	–	$
Rodney S. Kenley (2)	$–	–	–	–	–	–	$
Charles J. Fisher, Jr., MD (3)	$44,600	$50,000	–	–	–	–	$
Edward G. Broenniman (4)	$42,000	35,000	–	–	–	–	$
Chetan S. Shah, MD (5)	$41,000	35,000	–	–	–	–	$
Sabrina M. Johnson (6)	$8,500	$50,000					$

(1) All compensation received by Mr. Joyce in fiscal year 2018 is disclosed in the Summary Compensation Table a
Joyce received no compensation as a director in fiscal year 2018.

(2) All compensation received by Mr. Kenley in fiscal year 2018 is disclosed in the Summary Compensation Table
Mr. Kenley received no compensation as a director in fiscal year 2018.

(3) In the fiscal year ended March 31, 2018, Dr. Fisher earned $31,000 in cash compensation for his services to us
non-executive Chairman and $13,600 in Board fees related to his role as a director and a member of our Audit Co
for an aggregate amount of $44,600. Dr. Fisher also received RSU's valued at $50,000 for joining our Board per th
Directors Compensation Program.

(4) In the fiscal year ended March 31, 2018, Mr. Broenniman earned $42,000 related to his role as a director, a me
our Compensation Committee, and as the chair of our Audit Committee and of our Nominating and Corporate Gov
Committee. The aggregate number of stock awards and options awards issued and outstanding as of March 31, 20
and 43,431, respectively. Mr. Broenniman received stock option grants of 3,684 shares on June 6, 2014, 8,537 sha
March 14, 2014, and 9,211 shares on July 24, 2012 for his service as an outside director. The June 2014 option ves
shares on March 31, 2015, the March 2014 option vested all 8,537 shares at grant and the 2012 option vested 3,96
with 5,250 vesting in the June 2013 quarter.

(5) In the fiscal year ended March 31, 2018, Dr. Shah earned $41,000 related to his role as a director, a member of
Committee, and as the chair of our Compensation Committee. The aggregate number of stock awards and options
issued and outstanding as of March 31, 2018 are 0 and 11,205, respectively. Dr. Shah received stock option grants
on June 6, 2014 and 7,520 shares on July 24, 2012 for his service as an outside director. The June 2014 option ves
shares on March 31, 2015, and the 2014 option vested all 7,520 shares at grant.

(6) In the fiscal year ended March 31, 2018, Ms. Johnson earned $8,500 for her roles as a director and a member o
committee. Ms. Johnson also received RSU's valued at $50,000 for joining our Board per the 2012 Directors Com
Program.

Directors Compensation Program

We maintain a board compensation program, in which only non-employee directors may participate. Please see the
Compensation Plans – 2012 Directors Compensation Program" section of this Report for more information on the

Dr. Fisher will be compensated $90,000 per year for his services as Chairman of the Board, which the Company's
considers to be fees payable as a member of the Board or a Committee of the Board for purposes of Section 10A-3
rules promulgated under the Securities Exchange Act of 1934, as amended. To the extent payment of such fees are
to not be fees payable as a member of the Board or a Committee of the Board, then the Board considers that Dr. Fi
act as a member of its Audit Committee under Nasdaq Rule 5605(c)(2)(B) as the Board has determined that it is in
interests of the Company and its stockholders for Dr. Fisher to continue to serve on its Audit Committee.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AN RELATED STOCKHOLDER MATTERS

The following table sets forth information as of November 26, 2018, with respect to the ownership of our common (i) each person known by us to be the beneficial owner of more than five percent (5%) of the outstanding shares of of our capital stock, (ii) each of our directors and director nominees (if any), (iii) each of our named executive offi (iv) all of our executive officers and directors as a group. As of such date, we had 17,856,543 shares of our commo issued and outstanding. The term "executive officer" is defined as the President/Chief Executive Officer, Secretary Financial Officer/Treasurer, any vice-president in charge of a principal business function (such as administration o or any other person who performs similar policy making functions for us. We believe that each individual or entity has sole investment and voting power with respect to shares of common stock indicated as beneficially owned by t subject to community property laws where applicable, excepted where otherwise noted:

TITLE OF CLASS	NAME AND ADDRESS	AMOUNT AND NATURE OF BENEFICIAL OWNERSHIP (1)(2)	PER OF BEN OW
Common Stock	James A. Joyce, Chief Executive Officer and Director 9635 Granite Ridge Drive, Suite 100 San Diego, CA 92123	447,817 shares (3)	2.5
Common Stock	Rodney S. Kenley, President and Director 9635 Granite Ridge Drive, Suite 100 San Diego, CA 92123	57,526 shares (4)	*
Common Stock	James B. Frakes, Chief Financial Officer 9635 Granite Ridge Drive, Suite 100 San Diego, CA 92123	48,251 shares (5)	*
Common Stock	Charles J. Fisher, Jr., M.D., Non-Executive Chairman 9635 Granite Ridge Drive, Suite 100 San Diego, CA 92123	42,635 shares	*
Common Stock	Edward G. Broenniman, Director 9635 Granite Ridge Drive, Suite 100 San Diego, CA 92123	114,034 shares (6)	*
Common Stock	Chetan Shah, MD, Director 9635 Granite Ridge Drive, Suite 100 San Diego, CA 92123	444,767 shares (7)	2.5
Common Stock	Guy Cipriani, Director 9635 Granite Ridge Drive, Suite 100 San Diego, CA 92123	15,314 shares	*
Common Stock	Sabrina Martucci Johnson, Director 9635 Granite Ridge Drive, Suite 100	35,110 shares	*

Common Stock	San Diego, CA 92123 Sachs Investment Group, LLC (8) 1346 S. Third St., Louisville, KY 40208	1,908,113 shares	10
Common Stock	All Current Directors and Executive Officers as a Group (7 members)	1,092,159 shares	6.0

* Less than 1%

(1) Based on 17,856,543 shares of common stock outstanding on our transfer records as of November 26, 2018.

(2) Calculated pursuant to Rule 13d-3(d)(1) of the Securities Exchange Act of 1934. Under Rule 13d-3(d)(1), shar outstanding that are subject to options, warrants, rights or conversion privileges exercisable by a person within 60 deemed outstanding for the purpose of calculating the number and percentage owned by such person but not deem outstanding for the purpose of calculating the percentage owned by each other person listed. Except where otherwi we believe that each individual or entity named has sole investment and voting power with respect to the shares of stock indicated as beneficially owned by such person, subject to community property laws, where applicable.

(3) Includes 90,000 stock options exercisable at $12.50 per share, 40,000 stock options exercisable at $5.00 per sh
30,000 stock options exercisable at $9.50 per share. Also includes shares underlying 39,625 restricted stock units t
vest and issue on July 31, 2018.

(4) Includes 20,000 stock options exercisable at $12.50 per share, 10,000 stock options exercisable at $5.00 per sh
5,000 stock options exercisable at $9.50 per share. Also includes shares underlying 3,250 restricted stock units tha
and issue on July 31, 2018.

(5) Includes 10,000 stock options exercisable at $12.50 per share, 10,000 stock options exercisable at $5.00 per sh
5,000 stock options exercisable at $9.50 per share. Also includes shares underlying 3,250 restricted stock units tha
and issue on July 31, 2018.

(6) Includes 10,000 stock options exercisable at $20.50 per share, 12,000 stock options exercisable at $12.50 per s
stock options exercisable at $3.80 per share, 8,537 stock options exercisable at $4.10 per share and 3,684 stock opt
exercisable at $9.50 per share.

(7) Includes warrants to purchase 109,322 shares of common stock at exercise prices ranging from $4.65 per share
per share, and 7,521 stock options exercisable at $4.10 per share and 3,684 stock options exercisable at $9.50 per s

(8) More-than-5% stockholder.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPEN

The following describes all transactions since April 1, 2016, and all proposed transactions, in which we were or ar
participant and the amount involved exceeds the lesser of $120,000 or one percent of the average of our total asset
year-end for the last two completed fiscal years, and in which any related person had or will have a direct or indire
interest.

Other Transactions

Mr. Joyce received aggregate bonus payments of $60,000 from Exosome throughout the fiscal years ended March
and March 31, 2017 per targets set by the Compensation Committee.

Director Independence

Ms. Johnson, Dr. Fisher, Mr. Broenniman and Dr. Shah are independent directors as that term is defined by NASD
Market Rule 5605(a)(2). We currently have a compensation committee, a nominating and corporate governance co
and an audit committee. Of the members of our Board of Directors, Ms. Johnson, Dr. Fisher, Mr. Broenniman and
meet the NASDAQ Stock Market's independence standards for members of such committees.

DESCRIPTION OF CAPITAL STOCK

General

Our authorized capital consists of 10,000,000 shares of common stock, par value $0.001 per share. As of Novembe
2018, there were issued and outstanding 17,856,543 shares of common stock.

Common Shares

The holders of our common stock are entitled to one vote (or consent) per share on all matters to be voted on by th
stockholders. Holders of common stock are entitled to receive ratably such dividends as may be declared by the Bo
Directors out of funds legally available therefor. If we liquidate, dissolve or wind up, holders of common stock are
share ratably in all assets remaining after payment of all debts and other liabilities. Holders of common stock have
preemptive, conversion or subscription rights. There are no redemption or sinking fund provisions applicable to th
stock. All outstanding shares of common stock are, and all shares of common stock to be outstanding upon comple
this offering will be, validly issued, fully paid and nonassessable.

Effective as of June 10, 2015, Section 6 of Article I of our Bylaws was amended and restated in its entirety as follo

" 6. Stockholders representing a majority of the stock issued and outstanding, either in person or by proxy, shall co quorum for the transaction of business at any meeting of stockholders; *provided*, *however*, that at any time during shares of the capital stock of the company are listed for trading on the NASDAQ Stock Market, stockholders repre not less than thirty-three and one-third percent (33 1/3%) of the common voting stock issued and outstanding, eith person or by proxy, shall constitute a quorum for the transaction of business at any meeting of the holders of comm

Except as otherwise required by Nevada law or as otherwise stated in our Bylaws, all stockholder action is taken b of a majority of common stock voting as a single class present at a meeting of stockholders at which a quorum con a majority of the outstanding shares of common stock is present in person or proxy.

Options and Warrants Convertible into Common Shares

As of September 30, 2018, there were outstanding common share purchase options entitling the holders to purchas common shares at a weighted average exercise price of $8.48 per share and warrants entitling the holders to purcha 5,459,423 common shares at a weighted average exercise price of $1.77 per share.

DESCRIPTION OF SECURITIES WE ARE OFFERING

We are offering (i) 5,454,546 units, each unit consisting of one share of our common stock and one common warra purchase one share of our common stock, or (ii) up to 5,454,546 pre-funded units, each pre-funded unit consisting pre-funded warrant to purchase one share of our common stock and one common warrant to purchase one share of common stock. For each pre-funded unit we sell, the number of units we are offering will be decreased on a one-fo basis. The share of common stock and accompanying common warrant included in each unit will be issued separat the pre-funded warrant to purchase one share of common stock and the accompanying common warrant included i pre-funded unit will be issued separately. Units will not be issued or certificated. We are also registering the shares common stock included in the units and the shares of common stock issuable from time to time upon exercise of th pre-funded warrants included in pre-funded units and common warrants included in the units and the pre-funded units offered hereby.

Common Stock

The material terms and provisions of our common stock and each other class of our securities which qualifies or li
common stock are described under the caption “Description of Capital Stock” in this prospectus.

Pre-Funded Warrants

“Pre-funded” warrants provide any purchaser in this offering with the ability purchase more than 4.99% of our issu
outstanding stock . This is accomplished through purchasing “pre-funded” warrants at a price equal to the purchas
units, less $.01, which $.01 is the exercise price for the “pre-funded” warrants. Each “pre-funded” unit is exercisab
as offered hereunder. Thus, the purchaser is paying essentially the purchase price for a unit at closing of the offerin
not deemed to beneficially own the shares of common stock included in the units until the purchaser exercises the
warrant. Once purchased, the purchase price of the “pre-funded” warrants is not refundable. While the warrant per
of provisions by us and the holder of the warrant, this would not affect the “pre-funding” as that is the purchase pr
instrument which is paid at the time of closing and becomes part of our proceeds received from the offering. In ad
pre-funded warrants are perpetual and do not have expiration date.

Duration and Exercise Price

Each pre-funded warrant will have an initial exercise price per share equal to $0.01. The pre-funded warrants will
immediately exercisable and may be exercised at any time until the pre-funded warrants are exercised in full. The
price and number of shares of common stock issuable upon exercise is subject to appropriate adjustment in the eve
dividends, stock splits, reorganizations or similar events affecting our common stock and the exercise price. The p
warrants will be issued separately from the accompanying common warrants included in the pre-funded units, and
transferred separately immediately thereafter.

Exercisability

The pre-funded warrants will be exercisable, at the option of each holder, in whole or in part, by delivering to us a executed exercise notice accompanied by payment in full for the number of shares of our common stock purchased such exercise (except in the case of a cashless exercise as discussed below). A holder (together with its affiliates) m exercise any portion of the pre-funded warrant to the extent that the holder would own more than 4.99% of the out common stock immediately after exercise, except that upon at least 61 days' prior notice from the holder to us, the may increase the amount of ownership of outstanding stock after exercising the holder's pre-funded warrants up to the number of shares of our common stock outstanding immediately after giving effect to the exercise, as such per ownership is determined in accordance with the terms of the pre-funded warrants. Purchasers of pre-funded units i offering may also elect prior to the issuance of the pre-funded warrants to have the initial exercise limitation set at our outstanding common stock.

Cashless Exercise

If, at the time a holder exercises its pre-funded warrants, a registration statement registering the issuance of the sha common stock underlying the pre-funded warrants under the Securities Act is not then effective or available for the of such shares, then in lieu of making the cash payment otherwise contemplated to be made to us upon such exerci payment of the aggregate exercise price, the holder may elect instead to receive upon such exercise (either in whol part) the net number of shares of common stock determined according to a formula set forth in the pre-funded war

Transferability

Subject to applicable laws, a pre-funded warrant may be transferred at the option of the holder upon surrender of th pre-funded warrant to us together with the appropriate instruments of transfer.

Fractional Shares

No fractional shares of common stock will be issued upon the exercise of the pre-funded warrants. Rather, the num shares of common stock to be issued will, at our election, either be rounded up to the nearest whole number or we cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the exercise pric

Trading Market

There is no trading market available for the pre-funded warrants on any securities exchange or nationally recogniz
system.

Right as a Stockholder

Except as otherwise provided in the pre-funded warrants or by virtue of such holder's ownership of shares of our c
stock, the holders of the pre-funded warrants do not have the rights or privileges of holders of our common stock,
any voting rights, until they exercise their pre-funded warrants.

Warrants

The following is a summary of all material terms and provisions of the warrants that are being offered hereby, the
which has been filed as an exhibit to the registration statement of which this prospectus is a part. Prospective inves
should carefully review the terms and provisions of the form of warrant for a complete description of the terms and
conditions of the warrants.

Duration and Exercise Price

Each warrant offered hereby will have an exercise price equal to $1.10. The warrants will be immediately exercisa
will expire on the fifth anniversary of the original issuance date. The warrants will be issued separately from the co
stock, and may be transferred separately immediately thereafter. Warrants will be issued in certificated form only.

Exercisability

The warrants will be exercisable, at the option of each holder, in whole or in part, by delivering to us a duly execut
exercise notice accompanied by payment in full for the number of shares of our common stock purchased upon suc
(except in the case of a cashless exercise as discussed below). A holder (together with its affiliates) may not exerci
portion of the warrant to the extent that the holder would own more than 4.99% of the outstanding common stock a
exercise, except that upon at least 61 days' prior notice from the holder to us, the holder may increase the amount o
ownership of outstanding stock after exercising the holder's warrants up to 9.99% of the number of shares of our c
stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in ac
with the terms of the warrants.

Cashless Exercise

If, at the time a holder exercises its warrant, there is no effective registration statement registering, or the prospectu
contained therein is not available for an issuance of the shares underlying the warrant to the holder, then in lieu of
the cash payment otherwise contemplated to be made to us upon such exercise in payment of the aggregate exercis
the holder may elect instead to receive upon such exercise (either in whole or in part) the net number of shares of c
stock determined according to a formula set forth in the warrant.

Fundamental Transactions

In the event of any fundamental transaction, as described in the warrants and generally including any merger with
another entity, sale of all or substantially all of our assets, tender offer or exchange offer, or reclassification of our
stock, then upon any subsequent exercise of a warrant, the holder will have the right to receive as alternative consi
for each share of our common stock that would have been issuable upon such exercise immediately prior to the occ
such fundamental transaction, the number of shares of common stock of the successor or acquiring corporation or
company, if it is the surviving corporation, and any additional consideration receivable upon or as a result of such

by a holder of the number of shares of our common stock for which the warrant is exercisable immediately prior to
event.

Transferability

Subject to applicable laws and a standard legend with regard to restriction on transfer only in compliance with a pu
offering or an available exemption therefrom, the warrant may be transferred at the option of the holder upon surre
the warrant to us together with the appropriate instruments of transfer.

No Listing

There is no established trading market for the warrants, and we do not expect an active trading market to develop.
intend to list the warrants on any securities exchange or other trading market. Without a trading market, the liquidi
warrants will be extremely limited.

Right as a Shareholder

Except as otherwise provided in the warrants or by virtue of such holder's ownership of shares of our common sto
holders of the warrants do not have the rights or privileges of holders of our common stock, including any voting r
they exercise their warrants.

Waivers and Amendments

Subject to certain exceptions, any term of the warrants may be amended or waived with our written consent and th
consent of the holders of at least a majority of the then-outstanding warrants.

PLAN OF DISTRIBUTION

(As of September 29, 2017)

Pursuant to an engagement agreement, we have engaged H.C. Wainwright & Co., LLC, or the placement agent, to exclusive placement agent in connection with this offering of our securities pursuant to this prospectus on a reason efforts basis. The engagement agreement does not give rise to any commitment by the placement agent to purchase our securities, and the placement agent will have no authority to bind us by virtue of the engagement agreement. T placement agent may engage sub-agents or selected dealers to assist with the offering.

The placement agent is not purchasing or selling any of the securities offered by us under this prospectus, nor is it arrange the purchase or sale of any specific number or dollar amount of securities. The placement agent has agreed reasonable best efforts to arrange for the sale of the securities. There is no required minimum number of securities be sold as a condition to completion of this offering. Further, the placement agent does not guarantee that it will be raise new capital in any prospective offering. An associated person of H.C. Wainwright & Co., LLC has agreed to 275,000 units for a total purchase price of $302,500.

We will deliver the securities being issued to the investors upon receipt of investor funds for the purchase of the se offered pursuant to this prospectus. We expect to deliver the securities being offered pursuant to this prospectus on October 4, 2017. Investors purchasing a minimum of $500,000 of the securities offered hereby will have the option execute a securities purchase agreement with us. This securities purchase agreement, as well as the warrants offered hereunder, contain clauses which require the parties to waive the right to trial by jury in any dispute between them establish New York County, NY as the exclusive forum for resolution of those disputes.

In addition to rights and remedies available to all purchasers in this offering under federal securities and state law, purchasers which enter into a securities purchase agreement will also be able to bring claims of breach of contract The ability to pursue a claim for breach of contract is material to larger purchasers in this offering as a means to en following covenants uniquely available to them under the securities purchase agreement: (i) timely delivery of sha agreement to not enter into variable rate financings while any warrants offered hereunder are outstanding; (iii) agre not enter into any financings for 90 days from closing; and (iv) agreement not to enter into any stock splits for a ye closing.

The nature of the representations, warranties and covenants in the securities purchase agreements shall include:

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- standard issuer representations and warranties on matters such as organization, qualification, authorization, no co governmental filings required, current in SEC filings, no litigation, labor or other compliance issues, environmen intellectual property and title matters and compliance with various laws such as the Foreign Corrupt Practices Ac covenants regarding matters such as registration of warrant shares, no integration with other offerings, filing of a disclose entering into these securities purchase agreements, no shareholder rights plans, no material nonpublic in use of proceeds, indemnification of purchasers, reservation and listing of common stock, no subsequent equity sa days and no stock splits for one year.

The following table shows the per unit and total placement agent fees we will pay in connection with the sale of th securities in this offering, assuming the purchase of all of the securities we are offering.

	Per Unit	Per Pre-Funded Unit
Placement Agent Fees	$0.077	$0.077
Total	$420,000.00	(1)

(1) The placement agent has informed us that it has not received any indications of interest for pre-funded units, th not expect to confirm any sales of such pre-funded units.

Fees and Expenses

We have agreed to pay the placement agent a total cash fee equal to 6% of the gross proceeds of this offering and management fee of 1.0% of the gross proceeds of this offering (which fees may be reduced under certain circumsta will also pay the placement agent a reimbursement for non-accountable expenses of $50,000 and reimbursement fo placement agent's legal fees and expenses in the amount of up to $100,000. We estimate the total offering expense offering that will be payable by us, excluding the placement agent's fees, will be approximately $250,000.

Right of First Refusal

We have also agreed to give the placement agent, subject to the completion of this offering, certain rights of first r period of nine months with respect to certain transactions, including any further capital raising transactions underta and right for a tail for a period of six months.

Placement Agent Warrants

In addition, we have agreed to issue to the placement agent warrants to purchase up to 3.0% of the aggregate numb shares of common stock sold in the offering and issuable upon the exercise of the pre-funded warrants at an exerci $1.375 per share (representing 125% of the public offering price for the shares), exercisable for five years from the the effectiveness of this offering. The placement agent warrants will have substantially the same terms as the comm warrants being sold to the investors in this offering. Pursuant to FINRA Rule 5110(g), the placement agent warran shares of common stock issued upon exercise of the placement agent warrants shall not be sold, transferred, assign pledged, or hypothecated, or be the subject of any hedging, short sale, derivative, put or call transaction that would the effective economic disposition of the securities by any person for a period of 180 days immediately following t effectiveness or commencement of sales of this offering, except the transfer of any security: (i) by operation of law reason of our reorganization; (ii) to any FINRA member firm participating in the offering and the officers or partn if all securities so transferred remain subject to the lock-up restriction set forth above for the remainder of the time (iii) if the aggregate amount of our securities held by the placement agent or related persons do not exceed 1% of t securities being offered; (iv) that is beneficially owned on a pro-rata basis by all equity owners of an investment fu provided that no participating member manages or otherwise directs investments by the fund and the participating in the aggregate do not own more than 10% of the equity in the fund; or (v) the exercise or conversion of any secu securities remain subject to the lock-up restriction set forth above for the remainder of the time period.

Lock-Up Agreements

Our executive officers and directors have agreed, subject to certain exceptions (such as shares underlying RSUs), n
offer, sell, agree to sell, directly or indirectly, or otherwise dispose of shares of common stock or warrants or any c
securities convertible into or exchangeable for shares of common stock except for the shares of common stock incl
the units and the shares of common stock issuable upon exercise of the common warrants included in the units and
pre-funded units and the pre-funded warrants included in the pre-funded units offered in this offering without the p
written consent of the placement agent for a period of 90 days after the consummation of this offering. In addition,
agreed, subject to certain exceptions, to not issue, enter into any agreement to issue or announce the issuance or pr
issuance of any shares of common stock or common stock equivalents from the date of this prospectus until 60 day
closing of this offering.

Indemnification

We have agreed to indemnify the placement agent and specified other persons against certain liabilities relating to
out of the placement agent's activities under the engagement agreement and to contribute to payments that the plac
agent may be required to make in respect of such liabilities.

Determination of Offering Price

The offering price of the securities we are offering was negotiated between us and the investors, in consultation wi
placement agent based on the trading of our securities prior to the offering, among other things. Other factors cons
determining the offering price of the securities we are offering include the history and prospects of the company, t
development of our business, our business plans for the future and the extent to which they have been implemente
assessment of our management, general conditions of the securities markets at the time of the offering and such ot
as were deemed relevant.

Listing

Our common stock is listed on The NASDAQ Capital Market under the symbol “AEMD.”

Transfer Agent and Registrar

The transfer agent and registrar for our common stock is Computershare Investor Services. The transfer agent’s ad
P.O. Box 30170, College Station, TX 77842.

Other Relationships

From time to time, the placement agent has provided, and may provide in the future, various advisory, investment
commercial banking and other services to us in the ordinary course of business, for which they have received and
continue to receive customary fees and commissions. However, except as disclosed in this prospectus, we have no
arrangements with the placement agent for any further services.

The placement agent acted as our exclusive placement agent for our registered direct offering consummated in Ma
for which it received compensation.

In addition, we have entered into a sales agreement with the placement agent pursuant to which we may offer and
of our common stock having an aggregate offering price of up to $9,532,294 from time to time at prevailing marke
through the placement agent as our sales agent. As of September 13,2017, an aggregate of $2,605,519 was sold. Sa
this sales agreement are suspended until closing of this offering.

LEGAL MATTERS

Jolie Kahn, Esq. has passed upon the validity of the shares of common stock offered by this prospectus. Ellenoff G
& Schole LLP will pass upon certain legal matters for the placement agent.

EXPERTS

The consolidated financial statements of Aethlon Medical, Inc. as of March 31, 2018 and 2017 and for each of the
the two-year period ended March 31, 2018 have been audited by Squar Milner LLP, an independent registered pub
accounting firm, as stated in their report thereon, and included in this Prospectus and Registration Statement in reli
such report and upon the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the Securities and Exchange Commission, or SEC, a registration statement on Form S-1 under
Securities Act of 1933 with respect to the shares of common stock, warrants and pre-funded warrants offered herel
prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth i
registration statement or the exhibits filed with the registration statement. For further information about us and the
stock and warrants offered hereby, we refer you to the registration statement and the exhibits filed with the registra
statement. Statements contained in this prospectus regarding the contents of any contract or any other document th
as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all r
reference to the full text of such contract or other document filed as an exhibit to the registration statement. A copy
registration statement and the filed exhibits may be inspected without charge at the public reference room maintain
SEC, located at 100 F Street, NE, Washington, DC 20549, and copies of all or any part of the registration statemer
obtained from that office at prescribed rates. Please call the SEC at 1-800-SEC-0330 for further information about
reference room. The SEC also maintains a website that contains reports, proxy and information statements and oth
information regarding registrants that file electronically with the SEC. The address of the website is www.sec.gov.

We are subject to the information and reporting requirements of the Securities Exchange Act of 1934, or Exchange
in accordance with this law, are required to file periodic reports, proxy statements and other information with the S
periodic reports, proxy statements and other information are available for inspection and copying at the SEC's pub
reference facilities and the website of the SEC referenced above. We make available free of charge, on or through
investor relations section of our website, annual reports on Form 10-K, quarterly reports on Form 10-Q, current rep
Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange A
as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The information
our website is not part of this prospectus.

This prospectus includes statistical and other industry and market data that we obtained from industry publications
research, surveys and studies conducted by third parties. Industry publications and third-party research, surveys an
generally indicate that they have gathered their information from sources they believe to be reliable, although they
guarantee the accuracy or completeness of such information. While we believe that these industry publications and
third-party research, surveys and studies are reliable, we have not independently verified such data.

Aethlon Medical, Inc.

5,454,546 shares of Common Stock of Aethlon Medical, Inc. issuable upon exercise of 5,454,546 warrants of Medical, Inc., each to purchase one share of common stock, issued pursuant to the Registration Statement o S-1, declared effective on September 29, 2017

Prospectus

H.C. Wainwright & Co.

, 2018

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the various expenses to be incurred in connection with the registration of the securiti
registered by this registration statement, all of which will be borne by us. All amounts shown are estimates except
Securities and Exchange Commission registration fee.

Securities and Exchange Commission registration fee	$2,446.22
FINRA filing fee*	
Transfer agent's fees and expenses*	
Printing and engraving expenses	
Legal fees and expenses*	
Accounting fees and expenses*	
Miscellaneous*	
Total expenses*	$–

*Not determinable at the time of filing and will be added by amendment.

Item 14. Indemnification of Directors and Officers.

Nevada Law

We are incorporated in Nevada. Subsection 1 of Section 78.7502 of the Nevada Revised Statutes empowers a corp
indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or comp
action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the
the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or
serving at the request of the corporation as a director, officer, employee or agent of another corporation or other en
against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasona
incurred by him in connection with such action, suit or proceeding if he is not liable pursuant to Section 78.138 of

Nevada Revised Statutes or if he acted in good faith and in a manner he reasonably believed to be in or not oppose
best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to
his conduct was unlawful. Subsection 7 of Section 78.138 provides that, with certain exceptions, a director or offic
individually liable to the corporation or its stockholders or creditors for any damages as a result of any act or failur
his capacity as a director or officer unless it is proven that (i) his act or failure to act constituted a breach of his fid
duties as a director or officer, and (ii) his breach of those duties involved intentional misconduct, fraud or a knowi
violation of the law.

Subsection 2 of Section 78.7502 empowers a corporation to indemnify any person who was or is a party or is threa
be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procu
judgment in its favor by reason of the fact that such person acted in any of the capacities set forth above against ex
including amounts paid in settlement and attorneys' fees actually and reasonably incurred by him in connection wi
defense or settlement of such action or suit if he acted under similar standards, except that no indemnification may
in respect of any claim, issue or matter as to which such person shall have been adjudged by a court of competent j
to be liable to the corporation or for amounts paid in settlement to the corporation, unless and only to the extent tha
in which such action or suit was brought or other court of competent jurisdiction determines that, in view of all the
circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court
proper.

Section 78.7502 further provides that to the extent a director or officer of a corporation has been successful in the
any action, suit or proceeding referred to in subsections (1) and (2) thereof, or in the defense of any claim, issue or
therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by h
connection therewith. Subsection 3 of Section 78.751 of the Nevada Revised Statutes provides that the indemnifica
provided for by Section 78.7502 shall not be deemed exclusive or exclude any other rights to which the indemnifie
may be entitled (except that indemnification will generally not be available to a person if a final adjudication estab
his acts or omissions involved intentional misconduct, fraud or a knowing violation of the law and were material to
of action) and that the indemnification shall continue as to directors, officers, employees or agents who have cease
such positions, and to their heirs, executors and administrators. Section 78.752 empowers the corporation to purch
maintain insurance on behalf of a director, officer, employee or agent of the corporation against any liability assert
him or incurred by him in any such capacity or arising out of his status as such whether or not the corporation wou
the power to indemnify him against such liabilities under Section 78.7502.

By-Laws

Our by-laws provide for the elimination of the personal liability of our officers, directors, corporate employees and
the fullest extent permitted by the provisions of the Nevada Law. Under such provisions, we shall indemnify a dire
officer (and may indemnify a corporate employee or agent) who in his capacity as such is made, or threatened to b
party to any suit or proceeding, if it is determined that such person acted in good faith and in a manner he reasonab
believed to be in or not opposed to the best interests of our company and, with respect to any criminal action or pro
had no reasonable cause to believe his conduct was unlawful.

Liability Insurance

We maintain directors' and officers' liability insurance covering our directors and officers against expenses and lia
arising from certain actions to which they may become subject by reason of having served in such role, including i
for claims against these persons brought under securities laws. Such insurance is subject to the coverage amounts,
exceptions, deductibles and other conditions set forth in the policy as in effect at the time of a claim, if any. There
assurance that we will maintain liability insurance for our directors and officers.

Public Policy Limitations

Insofar as indemnification for liabilities arising under the Securities Act of 1933, or Securities Act, may be permitt
directors, officers and controlling persons pursuant to the foregoing provisions, or otherwise, we have been advise
the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed

Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities than the payment by us of expenses incurred or paid by one of our directors, officers or controlling persons in the s defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection w securities being registered, we will, unless in the opinion of our counsel the matter has been settled by controlling submit to a court of appropriate jurisdiction the question whether such indemnification by us is against public poli expressed in the Securities Act and will be governed by the final adjudication of such issue.

Item 15. Recent Sales of Unregistered Securities.

We have sold or issued the following securities not registered under the Securities Act in reliance upon the exempt registration pursuant to Section 4(a)(2) of the Securities Act or Regulation D of the Securities Act during the three preceding the filing of this registration statement. Except as stated below, no underwriting discounts or commissio payable with respect to any of the following transactions.

Equity Transactions in the Fiscal Year Ended March 31, 2018.

Common Stock Sales Agreement with H.C. Wainwright

On June 28, 2016, we entered into a Common Stock Sales Agreement (the "Agreement") with H.C. Wainwright &
("H.C. Wainwright") which establishes an at-the-market equity program pursuant to which we may offer and sell s
common stock from time to time as set forth in the Agreement. The Agreement provides for the sale of shares of o
common stock having an aggregate offering price of up to $12,500,000 (the "Shares").

Subject to the terms and conditions set forth in the Agreement, H.C. Wainwright will use its commercially reasona
consistent with its normal trading and sales practices to sell the Shares from time to time, based upon our instructio
have provided H.C. Wainwright with customary indemnification rights, and H.C. Wainwright will be entitled to a
commission at a fixed rate equal to three percent (3.0%) of the gross proceeds per Share sold. In addition, we have
pay certain expenses incurred by H.C. Wainwright in connection with the Agreement, including up to $50,000 of t
and disbursements of their counsel. The Agreement will terminate upon the sale of all of the Shares under the Agre
unless terminated earlier by either party as permitted under the Agreement.

Sales of the Shares, if any, under the Agreement shall be made in transactions that are deemed to be "at the market
as defined in Rule 415 under the Securities Act, including sales made by means of ordinary brokers' transactions,
on the Nasdaq Capital Market, at market prices or as otherwise agreed with H.C. Wainwright. We have no obligati
any of the Shares, and, at any time, we may suspend offers under the Agreement or terminate the Agreement.

In the fiscal year ended March 31, 2018, we raised aggregate net proceeds of $2,104,968 (net of $65,280 in comm
H.C. Wainwright and $5,748 in other offering expenses) under this agreement through the sale of 941,504 shares a
average price of $2.24 per share of net proceeds.

October 2017 Public Offering

On October 4, 2017, we consummated a public offering of 5,454,546 shares of common stock and warrants to purc
5,454,546 shares of common stock, for total gross proceeds of $6.0 million. The offering was priced at $1.10 per u
each unit comprised of one share of common stock and one common stock purchase warrant. Neither the warrants
units are listed on an exchange and therefore do not trade. The warrants carry a five-year term with an exercise pri
$1.10 per share. The net proceeds of the offering were $5,289,735. H.C. Wainwright & Co. acted as exclusive plac

agent for the offering.

Warrant Exercises

In fiscal year ended March 31, 2018, investors that participated in the October 2017 Public Offering exercised 2,16
warrants for aggregate cash proceeds to us of $2,233,802 before expenses.

Restricted Shares Issued for Services

During the nine months ended December 31, 2017, we issued 15,000 shares of restricted common stock at a price
per share, the market price at time of issuance, in payment for investor relations consulting services valued at $33,
on the grant date closing market price of our common stock.

Share for Warrant Exchanges

During the fiscal year ended March 31, 2018, we agreed with two individual investors to exchange 11,497 restricte
for the cancellation of 22,993 warrants and we entered into an Exchange Agreement with two institutional investor
which we issued 57,844 restricted shares in exchange for the cancellation of 77,125 warrants held by those investo
also agreed with those institutional investors that they would extend the expiration dates of convertible notes held
investors from July 1, 2018 to July 1, 2019 in exchange for the reduction of the conversion price of those notes fro
per share to $3.00 per share (see Note 5).

Additionally, we entered into an agreement with a former placement agent to issue 5,500 restricted shares in excha
the cancellation of 11,000 warrants held by that placement agent. We measured the fair value of the shares issued a
value of the warrants exchanged for those shares and recorded losses for each of those exchanges based on the cha
fair value between the instruments exchanged. Based upon the fair value of the shares issued and warrants exchang
recorded a loss of $130,215 during the fiscal year ended March 31, 2018 for all of the above share for warrant exc

Stock Option Issuances

During the fiscal year ended March 31, 2018, we issued options to four of our employees to purchase 34,500 share
common stock at an exercise price of $1.68 per share, the closing price on the date of the approval of the option gr
our compensation committee (see Note 9).

Termination of Restricted Share Grant

During the fiscal year ended March 31, 2018, we terminated a previously recorded but unissued share issuance of
shares under a fully vested restricted stock grant to our CEO and issued to him 32,674 shares as a net settlement of
and the Company paid the withholding taxes associated with that share issuance in return for the cancellation of 35
shares. The compensation cost of that restricted stock grant had been fully recorded over prior fiscal years, therefo
expense was recorded regarding this net issuance.

Restricted Stock Unit Grants to Directors and Executive Officers

On August 9, 2016, our Board of Directors granted RSUs to certain of our officers and directors and during the fis
ended March 31, 2017, 168,309 additional RSUs were granted to our directors pursuant to the 2012 Non-Employe
Compensation Program. The RSUs represent the right to be issued on a future date shares of our common stock fo
RSUs.

During the fiscal year ended March 31, 2018, 184,500 vested RSUs held by our executives were exchanged into th
number of shares of our common stock. As our executives elected to net settle a portion of their RSU's in exchang
Company paying the related withholding taxes on the share issuance, 97,238 of the RSUs were cancelled and we i
87,262 shares to our executives (see Note 9).

During the fiscal year ended March 31, 2018, 168,309 RSUs held by our outside directors were exchanged into the number of shares of our common stock. As three of our four outside directors elected to return 40% of their RSUs exchange for cash in order to pay their withholding taxes on the share issuances, 44,983 of the RSUs were cancelle paid $52,998 in cash to those outside directors (see Note 9).

Equity Issuances in the Fiscal Year Ended March 31, 2017.

Common Stock Sales Agreement with H.C. Wainwright

On June 28, 2016, we entered into a Common Stock Sales Agreement (the "Agreement") with H.C. Wainwright & ("H.C. Wainwright") which establishes an at-the-market equity program pursuant to which we may offer and sell s common stock from time to time as set forth in the Agreement. The Agreement provides for the sale of shares of o common stock having an aggregate offering price of up to $12,500,000 (the "Shares").

Subject to the terms and conditions set forth in the Agreement, H.C. Wainwright will use its commercially reasona consistent with its normal trading and sales practices to sell the Shares from time to time, based upon our instructio have provided H.C. Wainwright with customary indemnification rights, and H.C. Wainwright will be entitled to a commission at a fixed rate equal to three percent (3.0%) of the gross proceeds per Share sold. In addition, we have pay certain expenses incurred by H.C. Wainwright in connection with the Agreement, including up to $50,000 of t and disbursements of their counsel. The Agreement will terminate upon the sale of all of the Shares under the Agre unless terminated earlier by either party as permitted under the Agreement.

Sales of the Shares, if any, under the Agreement shall be made in transactions that are deemed to be "at the market as defined in Rule 415 under the Securities Act, including sales made by means of ordinary brokers' transactions, on the Nasdaq Capital Market, at market prices or as otherwise agreed with H.C. Wainwright. We have no obligati any of the Shares, and, at any time, we may suspend offers under the Agreement or terminate the Agreement.

In July 2016, we commenced sales of common stock under our Common Stock Sales Agreement with H.C. Wainw the fiscal year ended March 31, 2017, we raised aggregate net proceeds of $955,206 (net of $29,831 in commissio Wainwright and $9,432 in other offering expenses) under this agreement through the sale of 216,078 shares at an a price of $4.42 per share of net proceeds.

Warrant Issuances in July 2016

In July 2016, we issued an aggregate of 2,660 shares of common stock to three investors upon the exercise of prev issued warrants. The warrants were exercised on a cashless or "net" basis. Accordingly, we did not receive any pro such exercises. The cashless exercise of such warrants resulted in the cancellation of previously issued warrants to an aggregate of 19,563 shares of common stock.

Restricted Stock Unit Grants to Directors and Executive Officers

During the fiscal year ended March 31, 2017, 149,864 Restricted Stock Units ("RSUs") held by our outside directo executive officers were exchanged into the same number of shares of our common stock (see Stock-Based Compe below).

Amendment of Warrants Issued in Conjunction with the November 2014 10% Convertible Notes

Under the Second Amendment and Extension of the November 2014 10% Convertible Notes dated June 27, 2016 4), we reduced the purchase price of 47,125 Warrants from $8.40 per share to $5.00 per share.

We also issued to the investors new warrants to purchase an aggregate of 30,000 shares of common stock with a pu price of $5.00 per share of common stock. We issued the new warrants in substantially the same form as the prior and the new warrants will expire on November 6, 2019, the same date on which the prior warrants will expire (See

Amendment of December 2014 Warrants

On June 27, 2016, we and certain investors (the "Unit Investors") entered into Consent and Waiver and Amendme agreements (the "CWAs"), relating to an aggregate of 264,000 Warrants to Purchase Common Stock (the "Unit W had issued to the Unit Investors on December 2, 2014 pursuant to a Securities Purchase Agreement dated Novemb 2014 (the "2014 SPA"). In the CWAs, each of the Unit Investors provided its consent under certain restrictive pro waived certain rights, including a right to participate in certain offerings made by us, under the 2014 SPA in order facilitate the at-the-market equity program described above. Pursuant to the CWAs, we reduced the Exercise Price defined in the Unit Warrants) from $15.00 per share of common stock to $5.00 per share of common stock. At any the shares of common stock underlying the Unit Warrants are covered by an effective registration statement that p public resale of the shares, if the Unit Investors exercise the Unit Warrants, they must do so by a cash exercise, wh yield up to $1,320,000 in proceeds to us.

On June 27, 2016, each of the Unit Investors also entered into a Consent and Waiver providing its consent under c provisions, and waiving certain rights, including a right to participate in certain offerings made by us, under the 20 order to facilitate the at-the-market equity program described above.

In accordance with applicable generally accepted accounting principles in the United States of America (GAAP) fo
modifications, we measured the change in fair value that arose from the reduction in exercise price and recognized
expense of $345,841, which is included in other (income) expenses in the accompanying condensed consolidated s
of operations.

Warrants Issued in Conjunction with the December 2016 10% Convertible Notes

On December 30, 2016, we entered into a securities purchase agreement (the "Securities Purchase Agreement") wi
accredited investors (collectively, the "Holders"), pursuant to which the Purchasers purchased an aggregate of $68
principal amount of Notes (inclusive of due diligence fee of $30,000 deemed paid as a subscription amount in the
Note in the principal amount of $32,400) for an aggregate cash subscription amount of $600,000 and (b) warrants
purchase 127,575 shares of Common Stock (collectively, the "Warrants") (See Note 4).

The Warrants issued to the Holders are exercisable for a period of five years from the date of issuance at an exerci
$4.50, subject to adjustment. A Holder may exercise a Warrant by paying the exercise price in cash or by exercisin
Warrant on a cashless basis. In the event a Holder exercises a Warrant on a cashless basis, we will not receive any
The exercise price of the Warrants is subject to customary adjustments provision for stock splits, stock dividends,
recapitalizations and the like. Each Holder has contractually agreed to restrict its ability to exercise its Warrant suc
number of shares of the Common Stock held by the Holder and its affiliates after such exercise does not exceed 4.9
then issued and outstanding shares of Common Stock.

The estimated relative fair value of Warrants issued in connection with the Notes was recorded as a debt discount a
amortized as additional interest expense over the term of the underlying debt. We recorded debt discount of $232,7
on the relative fair value of these Warrants.

March 2017 Registered Direct Offering

On March 22, 2017, we entered into a Securities Purchase Agreement (the "Purchase Agreement") with certain ins
investors (the "Investors") for the sale of 575,000 shares (the "Common Shares") of our common stock, par value
share (the "Common Stock"), at a purchase price of $3.50 per share, in a registered direct offering. Concurrently w
of the Common Shares, pursuant to the Purchase Agreement, we also sold in a private placement warrants to purch
575,000 shares of Common Stock (the "Warrants"). The aggregate gross proceeds for the sale of the Common Sha
Warrants will be approximately $2 million. Subject to certain ownership limitations, the Warrants will be initially
exercisable commencing six months from the issuance date at an exercise price equal to $3.95 per share of Commo
subject to adjustments as provided under the terms of the Warrants. The Warrants will be exercisable for five years

initial exercise date.

The net proceeds to us from the transactions, after deducting the placement agent's fees and expenses (not includi Wainwright Warrants, as defined below), our estimated offering expenses, and excluding the proceeds, if any, fro exercise of the Warrants, were $1,804,250. We intend to use the net proceeds from the transactions for general co purposes.

The Common Shares (but not the Warrants or shares issuable upon exercise of the Warrant) were sold by us pursu effective shelf registration statement on Form S-3, which was filed with the Securities and Exchange Commission on May 5, 2016 and subsequently declared effective on May 12, 2016 (File No. 333-211151) (the "Registration St and the base prospectus dated as of May 12, 2016 contained therein. We filed a prospectus supplement and the accompanying prospectus with the SEC in connection with this sale of the Common Shares.

The purchase agreement also covered the exchange of 264,000 warrants issued to the purchasers thereunder in De 2014 for 198,000 shares of our common stock. Further, in exchange for certain waivers given by the purchasers an other investors in a private placement of the Company in June 2015, the warrants issued in such private placement amended to (i) reduce the exercise price to $3.95 per share, (ii) make the warrants non-exercisable for a period of s from the date of amendment, and (iii) extend the term of those warrants by six months.

The Warrants and the shares issuable upon exercise of the Warrants were sold and issued without registration unde
Securities Act of 1933 (the "Securities Act") in reliance on the exemptions provided by Section 4(a)(2) of the Secu
transactions not involving a public offering and Rule 506 promulgated under the Securities Act as sales to accredit
investors, and in reliance on similar exemptions under applicable state laws.

We also entered into an engagement letter (the "Engagement Letter") with Rodman & Renshaw, a unit of H.C. Wa
Co., LLC ("Rodman"), pursuant to which Rodman agreed to serve as exclusive placement agent for the issuance a
Common Shares and Warrants. We paid Rodman an aggregate fee equal to 6% of the gross proceeds received by u
sale of the securities in the transactions. Pursuant to the Engagement Letter, we also agreed to grant to Rodman or
designees warrants to purchase up to 3% of the aggregate number of shares sold in the transaction (the "Rodman W
The Engagement Letter has a nine-month tail and right of first offer periods, indemnity and other customary provis
transactions of this nature. The Rodman Warrants have substantially the same terms as the Warrants, except that th
price is 125% of $3.50. We also paid Rodman a reimbursement for non-accountable expenses in the amount of $5

Equity Issuances in the Fiscal Year Ended March 31, 2016.

On June 25, 2015, we sold $6,000,000 of units, comprised of common stock and warrants, to 18 accredited investo
price of $6.30 per unit. Each unit consisted of one share of common stock and 0.75 of a five-year warrant to purch
share of common stock at an exercise price of $6.30 per share. Accordingly, we issued a total of 952,383 shares of
unregistered common stock and warrants to purchase 714,285 shares of common stock. For its services as sole pla
agent for the financing, we paid Roth Capital Partners, LLC ("Roth") a cash fee of $285,512 and expense reimburs
$75,000 and we issued them a five-year warrant to purchase 32,371 shares of common stock at an exercise price o
share. We received $5,591,988 in net proceeds from this financing. As the warrants that were issued to the investo
Roth were issued in connection with common stock for cash, they were considered issued in connection with the fi
transaction and the warrant fair value, which was valued using a binomial lattice model, was recorded to additiona
paid-in-capital.

In connection with the financing, Mr. James Joyce, our Chief Executive Officer, Mr. James Frakes, our Chief Fina
Officer and Dr. Chetan Shah, a director of our company, each agreed to waive their right to exercise certain stock
and warrants held by them representing the right to acquire 402,318 shares of common stock in the aggregate (the
The Waivers were required in order to make a sufficient number of shares of common stock available for issuance
Waivers expired when we amended our Articles of Incorporation on March 31, 2016, to increase the number of au
shares of our common stock from 10,000,000 to 30,000,000, following stockholder approval of such amendment a
annual stockholders' meeting on March 29, 2016.

During the three months ended September 30, 2015, we issued an aggregate of 5,292 shares of common stock to a
accredited investor upon the exercise of previously issued warrants. The warrants were exercised on a cashless or

Accordingly, we did not receive any proceeds from such exercises. The cashless exercise of such warrants resulted cancellation of previously issued warrants to purchase an aggregate of 1,744 shares of common stock.

During the three months ended December 31, 2015, we issued an aggregate of 6,757 unregistered shares of comm two investors upon the exercise of previously issued warrants. The warrants were exercised for cash and we receiv proceeds of $14,766 for an average purchase price of $2.19 per share per the terms of the warrants.

Item 16. Exhibits and Financial Statement Schedules.

1.1	Engagement Agreement, dated July 28, 2017, between Aethlon Medical, Inc. and H.C. Wainwright & Co., LL
2.1	Agreement and Plan of Reorganization Between Aethlon Medical, Inc. (formerly, Bishop Equities, Inc.) and A Inc. dated March 10, 1999 (1)
2.2	Agreement and Plan of Reorganization Between Aethlon Medical, Inc. (formerly, Bishop Equities, Inc.) and I Inc. dated March 10, 1999 (1)
3.1	Articles of Incorporation of Aethlon Medical, Inc., as amended (2)
3.2	Bylaws of Aethlon Medical, Inc., as amended (35)
4.1	Form of Common Stock Certificate (3)
4.2	Form of Amended and Restated Warrant dated June 14, 2010 (12)
4.3	Form of Amended and Restated Warrant dated June 14, 2010 (QB) (12)
4.4	Form of Common Stock Purchase Warrant dated March 29, 2012 and April 15, 2012 (14)
4.5	Form of Common Stock Purchase Warrant dated June 19, 2012 (15)
4.6	Form of Common Stock Purchase Warrant dated August 29, 2012 (16)
4.7	Form of Common Stock Purchase Warrant dated October, November and December 2012 (17)
4.8	Form of Common Stock Purchase Warrant dated June 14, 2013 (18)
4.9	Form of Common Stock Purchase Warrant October 30, 2013 (19)
4.10	Form of Common Stock Purchase Warrant November 12, 2013 (20)
4.11	Form of Common Stock Purchase Warrant December 10, 2013 (21)
4.12	Form of Common Stock Purchase Warrant December 30, 2013 (22)
4.13	Form of Amendment to Notes and Warrants dated March 31, 2014 (23)
4.14	Form of Common Stock Purchase Warrant dated June 24, 2014 (24)

4.15 Form of Common Stock Purchase Warrant dated July 8, 2014 (25)

4.16 Form of Common Stock Purchase Warrant dated July 24, 2014 (26)

4.17 Form of Common Stock Purchase Warrant issued August and September 2014 (27)

4.18 Form of Class A Common Stock Purchase Warrant dated November 6, 2014 (27)

4.19 Form of Convertible Promissory Note dated November 6, 2014 (27)

4.20 Form of Common Stock Purchase Warrant issued December 2, 2014 (29)

4.21 Form of Purchase Agent Warrant dated December 2, 2014 (30)

4.22 Form of Warrant to Purchase Common Stock issued June 25, 2015 (32)

4.23 Form of Purchase Agent Warrant issued June 25, 2015 (33)

4.24 Form of Amendment to Notes and Warrants dated June 27, 2016 (40)

4.25 Form of Allonge to Convertible Promissory Note dated June 27, 2016 (40)

4.26 Form of Class A Common Stock Purchase Warrant issued June 27, 2016 (40)

4.27 Form of Consent and Waiver and Amendment dated June 27, 2016 (40)

4.28 Form of Warrant Agreement issued March 22, 2017 (43)

4.29 Form of Warrant (48)

4.30 Form of Placement Agent Warrant (49)

4.31 Form of Pre-Funded Warrant (49)

5.1 Opinion of Jolie Kahn, Esq.*

10.1 2000 Stock Option Plan (34)++

10.2 Amended 2010 Stock Incentive Plan (4)

10.3 2005 Directors Compensation Program (34)++

10.4 2012 Directors Compensation Program, as amended on June 6, 2014 (34)++

10.5 Employment Agreement between Aethlon Medical, Inc. and James A. Joyce dated April 1, 1999 (5)++

10.6 Patent License Agreement by and amongst Aethlon Medical, Inc., Hemex, Inc., Dr. Julian L. Ambrus and Dr Scamurra (6)

10.7 Employment Agreement by and between Aethlon Medical, Inc. and Dr. Richard H. Tullis dated January 10, (6)++

10.8 Stock Option Agreement by and between Aethlon Medical, Inc. and James A Joyce dated February 23, 2005

10.9 Stock Option Agreement by and between Aethlon Medical, Inc. and Richard Tullis dated February 23, 2005

10.10 Stock Option Agreement by and between Aethlon Medical, Inc. and Franklyn S. Barry, Jr. dated February 23 (7)++

10.11 Stock Option Agreement by and between Aethlon Medical, Inc. and Ed Broenniman dated February 23, 200

10.12 Stock Option Agreement by and between Aethlon Medical, Inc. and James A. Joyce dated September 9, 200

10.13 Stock Option Agreement by and between Aethlon Medical, Inc. and James A. Joyce dated June 13, 2007 (9)

10.14 Stock Option Agreement by and between Aethlon Medical, Inc. and James A. Joyce dated December 15, 200

10.15 Stock Option Agreement by and between Aethlon Medical, Inc. and Franklyn S. Barry dated December 15, (10)++

10.16 Stock Option Agreement by and between Aethlon Medical, Inc. and Edward G. Broenniman dated Decembe (10)++

10.17 Stock Option Agreement by and between Aethlon Medical, Inc. and Richard H. Tullis dated December 15, 2 (10)++

10.18 Standard Industrial Net Lease by and between Sorrento Business Complex and Aethlon Medical, Inc. dated S 28, 2009 (11)

10.19 Offer of Employment by and between Aethlon Medical, Inc. and Rodney S. Kenley dated October 27, 2010

10.20 Stock Option Agreement of Rodney S. Kenley dated October 27, 2010 (13)++

10.21 Unit Subscription Agreement dated March 29, 2012 and April 5, 2012 (14)

10.22 Unit Subscription Agreement dated June 19, 2012 (15)

10.23 Unit Subscription Agreement dated August 29, 2012 (16)

10.24 Unit Subscription Agreement dated October, November and December 2012 (17)

10.25 Unit Subscription Agreement dated June 14, 2013 (18)

10.26 Form of Unit Purchase Agreement dated October 30, 2013 (19)

10.27 Form of Subscription Agreement October 30, 2013 (19)

10.28 Form of Unit Purchase Agreement dated November 12, 2013 (20)

10.29 Form of Subscription Agreement November 12, 2013 (20)

10.30 Form of Unit Purchase Agreement dated December 10, 2013 (21)

10.31 Form of Subscription Agreement December 10, 2013 (21)

10.32 Form of Unit Purchase Agreement dated December 30, 2013 (22)

10.33 Form of Subscription Agreement December 30, 2013 (22)

10.34 Form of Restructuring Agreement dated June 24, 2014 (24)

10.35 Form of Restructuring Agreement dated June 24, 2014 (24)

10.36 Form of Restructuring Agreement dated July 8, 2014 (25)

10.37 Second Amendment to Standard Industrial Net Lease by and between Sorrento Business Complex and Aethl Medical, Inc. dated October 10, 2014 (3)

10.38 Form of Subscription Agreement dated November 6, 2014 (27)

10.39 Office Lease between T-C Stonecrest LLC and Aethlon Medical, Inc. dated November 13, 2014 (28)

10.40 Securities Purchase Agreement dated November 26, 2014 (29)

10.41 Registration Rights Agreement dated November 26, 2014 (29)

10.42 DARPA Contract dated September 30, 2011 (3) (Portions of this exhibit have been omitted pursuant to a req confidential treatment.)

10.43 DARPA Contract Extension dated August 8, 2012 (3)

10.44 DARPA Contract Extension dated September 15, 2013 (3)

10.45 DARPA Contract Extension dated September 29, 2014 (3)

10.46 DARPA Contract Modification dated March 12, 2015 (34) (Portions of this exhibit have been omitted pursua request for confidential treatment.)

10.47 UCI Clinical Trial Agreement signed April 9, 2015 (31)

10.48 Protocol for UCI Clinical Trial (31)

10.49 Budget for UCI Clinical Trial (31)

10.50 DaVita Master Services Agreement (35)

10.51 First Amendment to DaVita Master Services Agreement (35)

10.52 Work Order #1 under DaVita Master Services Agreement (35) (Portions of this exhibit have been omitted pu request for confidential treatment.)

10.53 Securities Purchase Agreement dated June 23, 2015 (32)

10.54 Registration Rights Agreement dated June 23, 2015 (32)

10.55 DARPA Contract Extension dated September 25, 2015 (36)

10.56 Amendment No. 1 to Joyce Employment Agreement dated October 16, 2015 (37)++

10.57 Amendment No. 1 to Kenley Offer Letter dated October 16, 2015 (37)++

10.58 Retention Bonus Agreement dated October 16, 2015 (37)++

10.59 Third Amendment to Standard Industrial Net Lease dated October 21, 2015 (38)

10.60 Amendment of Terms dated November 12, 2015 (38)

10.61 Consulting Agreement dated February 9, 2016 (39)

10.62 Stock Option Agreement by and between Aethlon Medical, Inc. and Richard Tullis dated September 27, 201

10.63 Stock Option Agreement by and between Aethlon Medical, Inc. and Richard Tullis dated July 1, 2013 (44)++

10.64 Stock Option Agreement by and between Aethlon Medical, Inc. and Richard Tullis dated June 6, 2014 (44)+

10.65 Amendment No. 1 to Stock Option Agreement by and between Aethlon Medical, Inc. and Richard Tullis dat December 15, 2008 (44)++

10.66 Amendment No. 1 to Stock Option Agreement by and between Aethlon Medical, Inc. and Richard Tullis dat September 27, 2010 (44)++

10.67 Amendment No. 1 to Stock Option Agreement by and between Aethlon Medical, Inc. and Richard Tullis dat 2013 (44)++

10.68	Amendment No. 1 to Stock Option Agreement by and between Aethlon Medical, Inc. and Richard Tullis dat 2014 (44)++

10.69 Common Stock Sales Agreement dated June 28, 2016 between Aethlon Medical, Inc. and H.C. Wainwright & LLC (40)

10.70 Form of Consent and Waiver dated June 27, 2016 (40)

10.71 Aethlon Medical, Inc. 2012 Non-Employee Directors Compensation Program, as Modified on August 9, 201

10.72 DARPA Contract dated September 30, 2011 (42)

10.73 2012 Non-Employee Directors Compensation Program, as amended August 9, 2016 (45) ++

10.74 Stock Unit Agreement by and between Aethlon Medical, Inc. and James A. Joyce dated August 29, 2016 (45

10.75 Stock Unit Agreement by and between Aethlon Medical, Inc. and Rodney S. Kenley dated August 29, 2016

10.76 Stock Unit Agreement by and between Aethlon Medical, Inc. and James B. Frakes dated August 29, 2016 (4

10.77 Stock Unit Agreement by and between Aethlon Medical, Inc. and Franklyn S. Barry, Jr. dated August 29, 20

10.78 Stock Unit Agreement by and between Aethlon Medical, Inc. and Edward G. Broenniman dated August 29, ++

10.79 Stock Unit Agreement by and between Aethlon Medical, Inc. and Chetan S. Shah, MD dated August 29, 201

10.80 Fourth Amendment to Standard Industrial Net Lease by and between AGP Sorrento Business Complex, L.P. Aethlon Medical, Inc. dated October 5, 2016 (45)

10.81 Form of Securities Purchase Agreement, dated March 22, 2017 (43)

10.82 Form of Engagement Letter, dated March 15, 2017 (43)

10.83 Form of Exchange Agreement (45)

10.84 Form of Securities Purchase Agreement (50)

10.85 Fifth Amendment to Standard Industrial Net Lease (51)

10.86 Lease Extension (52)

21.1 List of subsidiaries (3)

23.1 Consent of Independent Registered Public Accounting Firm (Squar Milner LLP) *

23.2 Consent of Jolie Kahn, Esq. (included in Exhibit 5.1) *

99.1 Letter from FDA to Registrant dated September 8, 2018 (47)

101.INS XBRL Instance Document*
101.SCH XBRL Schema Document*
101.CAL XBRL Calculation Linkbase Document*
101.DEF XBRL Definition Linkbase Document*
101.LAB XBRL Label Linkbase Document*
101.PRE XBRL Presentation Linkbase Document*

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* Filed herewith
*** Indicates a management contract or compensatory plan or arrangement

(1) Filed with the Company's Current Report on Form 8-K/A dated March 26, 1999 and incorporated by reference

(2) Filed with the Company's Registration Statement on Form S-3 (File No. 333-211151) filed on May 5, 2016 and incorporated by reference.

(3) Filed with the Company's Registration Statement on Form S-1 (File No. 333-201334) filed on December 31, 2 incorporated by reference.

(4) Filed with the Company's Current Report on Form 8-K dated March 30, 2016 and incorporated by reference.

(5) Filed with the Company's Annual Report on Form 10-KSB filed on July 15, 1999 for the year ended March 31 incorporated by reference.

(6) Filed with the Company's Annual Report on Form 10-KSB/A filed on September 10, 2004 for the year ended M 2004 and incorporated by reference.

(7) Filed with the Company's Annual Report on Form 10-KSB filed on July 14, 2005 for the year ended March 31 incorporated by reference.

(8) Filed with the Company's Current Report on Form 8-K filed on September 12, 2005 and incorporated by refere

(9) Filed with the Company’s Registration Statement on Form S-8 (File No. 333-168483) filed on August 2, 2010 incorporated by reference.

(10) Filed with the Company's Current Report on Form 8-K dated December 19, 2008 and incorporated by referen

(11) Filed with the Company’s Quarterly Report on Form 10-Q filed on November 16, 2009 for the period ended S 30, 2009 and incorporated by reference.

(12) Filed with the Company’s Annual Report on Form 10-K filed on July 2, 2010 for the year ended March 31, 20 incorporated by reference.

(13) Filed with the Company’s Current Report on Form 8-K dated November 1, 2010 and incorporated by referenc

(14) Filed with the Company’s Current Report on Form 8-K dated April 6, 2012 and incorporated by reference.

(15) Filed with the Company’s Current Report on Form 8-K dated June 27, 2012 and incorporated by reference.

(16) Filed with the Company’s Current Report on Form 8-K dated September 6, 2012 and incorporated by referenc

(17) Filed with the Company’s Quarterly Report on Form 10-Q filed on February 12, 2013 for the period ended De 2012 and incorporated by reference.

(18) Filed with the Company’s Quarterly Report on Form 10-Q filed on August 13, 2013 for the period ended June and incorporated by reference.

(19) Filed with the Company's Current Report on Form 8-K dated November 6, 2013 and incorporated by referenc

(20) Filed with the Company's Current Report on Form 8-K dated November 20, 2013 and incorporated by refere

(21) Filed with the Company's Current Report on Form 8-K dated December 16, 2013 and incorporated by referen

(22) Filed with the Company's Current Report on Form 8-K dated January 7, 2014 and incorporated by reference.

(23) Filed with the Company's Current Report on Form 8-K dated April 4, 2014 and incorporated by reference.

(24) Filed with the Company's Current Report on Form 8-K dated June 30, 2014 and incorporated by reference.

(25) Filed with the Company's Current Report on Form 8-K dated July 10, 2014 and incorporated by reference.

(26) Filed with the Company's Current Report on Form 8-K dated July 28, 2014 and incorporated by reference.

(27) Filed with the Company's Quarterly Report on Form 10-Q filed on November 10, 2014 for the period ended S
30, 2014 and incorporated by reference.

(28) Filed with the Company's Current Report on Form 8-K/A dated November 19, 2014 and incorporated by refe

(29) Filed with the Company's Current Report on Form 8-K dated November 28, 2014 and incorporated by referen

(30) Filed with the Company's Current Report on Form 8-K dated December 3, 2014 and incorporated by referenc

(31) Filed with the Company’s Current Report on Form 8-K dated April 15, 2015 and incorporated by reference.

(32) Filed with the Company’s Current Report on Form 8-K dated June 24, 2015 and incorporated by reference.

(33) Filed with the Company’s Current Report on Form 8-K dated June 26, 2015 and incorporated by reference.

(34) Filed with the Company's Registration Statement on Form S-1 (File No. 333-203487) filed on April 17, 2015 incorporated by reference.

(35) Filed with the Company’s Annual Report on Form 10-K filed on June 26, 2015 for the year ended March 31, incorporated by reference.

(36) Filed with the Company’s Current Report on Form 8-K dated September 28, 2015 and incorporated by refere

(37) Filed with the Company’s Current Report on Form 8-K dated October 22, 2015 and incorporated by reference

(38) Filed with the Company’s Quarterly Report on Form 10-Q filed on November 16, 2015 for the period ended S 30, 2015 and incorporated by reference.

(39) Filed with the Company’s Current Report on Form 8-K dated February 16, 2016 and incorporated by referenc

(40) Filed with the Company's Current Report on Form 8-K dated June 28, 2016 and incorporated by reference.

(41) Filed with the Company's Current Report on Form 8-K dated August 10, 2016 and incorporated by reference.

(42) Filed with the Company's Quarterly Report for the quarter ended September 30, 2016 dated November 10, 20
incorporated by reference.

(43) Filed with the Company's Current Report on Form 8-K dated March 22, 2017 and incorporated by reference.

(44) Filed with the Company's Annual Report for the year ended March 31, 2016, dated June 29, 2016 and incorpo
herein by reference.

(45) Filed with the Company's Annual Report for the year ended March 31, 2017, dated June 28, 2017 and incorpo
herein by reference.

(46) Intentionally Omitted.

(47) Filed with the Company's Current Report on Form 8-K dated September 12, 2017 and incorporated herein by

(48) Filed with the Company's Amendment No. 1 to Registration Statement on Form S-1, dated September 18, 20
incorporated herein by reference.

(49) Filed with the Company's Amendment No. 2 to Registration Statement on Form S-1, dated September 22, 20
incorporated herein by reference.

(50) Filed with the Company's Amendment No. 4 to Registration Statement on Form S-1, dated September 29, 20
incorporated herein by reference.

(51) Filed with the Company's Quarterly Report for the quarter ended September 30, 2017, dated November 2, 20
incorporated herein by reference.

(52) Filed with the Company's Quarterly Report for the quarter ended September 30, 2018, dated November 6, 20
incorporated herein by reference.

Item 17. Undertakings.

(a) The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registrati
statement:

(i) To include any prospectus required by section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this registration statement (or
recent post-effective amendment hereof) which, individually or in the aggregate, represent a fundamental change i
information set forth in this registration statement. Notwithstanding the foregoing, any increase or decrease in volu
securities offered (if the total dollar value of securities offered would not exceed that which was registered) and an
deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prosp
with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no m
20% change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the
registration statement; and

(iii) To include any material information with respect to the plan of distribution not previously disclosed in this re
statement or any material change to such information in this registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective am
shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of suc
securities at that time shall be deemed to be the initial bona fide offering thereof;

(3) To remove from registration by means of a post-effective amendment any of the securities being registered wh
unsold at the termination of the offering; and

(4) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchase
initial distribution of the securities, in a primary offering of securities of the undersigned registrant pursuant to this
registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the secu
offered or sold to such purchaser by means of any of the following communications, the undersigned registrant wi
seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be fi
pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or us
referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information abou
undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(5) That, for purposes of determining any liability under the Securities Act of 1933, the information omitted from
of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of pro
filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act shall be deemed to be p
registration statement as of the time it was declared effective. Each prospectus filed pursuant to Rule 424(b) as par
registration statement relating to an offering, other than registration statements relying on Rule 430B or other than
prospectuses filed in reliance on Rule 430A (§230.430A of this chapter), shall be deemed to be part of and include
registration statement as of the date it is first used after effectiveness. *Provided, however,* that no statement made i
registration statement or prospectus that is part of the registration statement or made in a document incorporated or
incorporated by reference into the registration statement or prospectus that is part of the registration statement will

purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made i registration statement or prospectus that was part of the registration statement or made in any such document imm prior to such date of first use.

(6) That, for the purpose of determining any liability under the Securities Act of 1933, each post-effective amendr contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered t the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to direct officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant h advised that in the opinion of the Securities and Exchange Commission such indemnification is against public poli expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liab (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person o registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or control person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication issue.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this registration statemen
signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Diego, State of California, o
November 28, 2018.

AETHLON MEDICAL, INC.,
a Nevada corporation

/s/ James A. Joyce
By: James A. Joyce
Its: Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the follo
persons in the capacities and on the dates indicated:

Signature	Title	Date
/s/ JAMES A. JOYCE James A. Joyce	Chief Executive Officer and Principal Executive Officer	November 28, 2018
/s/ JAMES B. FRAKES James B. Frakes	Chief Financial Officer and Principal Accounting Officer	November 28, 2018
/s/ EDWARD G. BROENNIMAN Edward G. Broenniman	Director	November 28, 2018
/s/ CHETAN S. SHAH	Director	

		November 28, 2018
Chetan S. Shah		
/s/ CHARLES J. FISHER, JR., MD	Chairman and Director	November 28, 2018
Charles J. Fisher, Jr., MD		
/s/ SABRINA MARTUCCI JOHNSON	Director	November 28, 2018
Sabrina Martucci Johnson		