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Revised Securities Trading Policy

PALO ALTO, CA, United States, November 16, 2017 — AirXpanders, Inc. (ASX: AXP) (AirXpanders or Company), a medical device company focused on the design, manufacture, sale and distribution of the AeroForm® Tissue Expander System, today advises that the Board of AirXpanders has updated its Securities Trading Policy. It has changed the periods in which employees, directors, officers and contractors of AirXpanders can trade in the Company's securities.

In accordance with Listing Rule 12.10, the revised Policy is attached and is effective immediately.

-ENDS-

<i>Company</i>	<i>Investor and Media Relations</i>
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About AirXpanders:

Founded in 2005, AirXpanders, Inc. (www.airxpanders.com) designs, manufactures and markets innovative medical devices to improve breast reconstruction. The company's AeroForm Tissue Expander System, is used in patients undergoing two-stage breast reconstruction following mastectomy. Headquartered in Palo Alto, California, AirXpanders' vision is to be the global leader in reconstructive surgery products and to become the standard of care in two-stage breast reconstruction. AirXpanders is a publicly listed company on the Australian Securities Exchange under the symbol "AXP." AeroForm was initially granted U.S. FDA *de novo* marketing authorization in 2016 with subsequent market clearance in 2017, first CE mark in Europe in 2012 and is currently licensed for sale in Australia.

For more information, refer to the Company's website at www.airxpanders.com.

AIRXPANDERS, INC.

SECURITIES TRADING POLICY

Amended and restated by the Board on 14 November 2017.

1 Introduction

This document sets out the policy covering restrictions on trading in securities of AirXpanders, Inc. (**AirXpanders**).

2 Persons covered by this policy

This policy applies to the following persons:

- (a) all directors and officers of AirXpanders;
- (b) all direct reports to the Chief Executive Officer (ie. executives);
- (c) all other personnel of AirXpanders (including employees, consultants and contractors); and
- (d) any personal investment vehicle or self-managed superannuation fund through which any of the foregoing hold securities of AirXpanders.

In this policy, the persons listed above are called **Relevant Persons**.

There are additional trading restrictions on the key management personnel (**KMP**) of AirXpanders.

KMP means those persons having authority and responsibility for planning, directing and controlling the activities of AirXpanders, directly or indirectly, including any director (whether executive or otherwise) of AirXpanders. It will also include the management team of AirXpanders (including executives who report to the Chief Executive Officer) and any staff member of AirXpanders that the Board, the Chief Executive Officer or the Chief Financial Officer designates, from time to time, to be KMP.

All Relevant Persons (including KMP) are required to ensure that their direct relatives or any other person or entity whose trading activities are controlled or influenced by the Relevant Person do not engage in, activities prohibited or restricted by this policy.

3 Securities covered by this policy

This policy applies to trading in all securities of AirXpanders, including:

- (a) shares of stock (including but not limited to common or preferred stock);
- (b) CHESS Depositary Interests;
- (c) debentures (including bonds and notes);
- (d) options over unissued shares or debentures;
- (e) a renounceable or unrenounceable right to subscribe for shares or debentures;
- (f) interests in managed investment schemes, trusts and other financial products; and
- (g) derivative products issued over or in respect of any of the above (e.g. swaps, futures, hedges, and options) whether settled by cash or otherwise.

Trading in securities includes:

- (a) acquiring or disposing of AirXpanders securities on market or through an off market transaction;
- (b) acquiring or disposing of AirXpanders securities in connection with margin lending or other security arrangement; and
- (c) stock lending arrangements affecting AirXpanders securities.

4 Prohibition on insider trading for all Relevant Persons

4.1 Regulation

Trading of securities in AirXpanders is governed by, amongst other things, the Corporations Act 2001 (Cth) (**Corporations Act**), the ASX Listing Rules, the US Securities Exchange Act of 1934 (**Exchange Act**) and other applicable securities laws. As AirXpanders' securities are traded on ASX, this policy focuses on Australian securities laws.

4.2 General rule

The Corporations Act prohibits trading of inside information.

“Inside information” is information that:

- (a) is not generally available; and
- (b) if it was generally available, it would be expected to have a material effect on the price or value of securities.

A Relevant Person must not trade in AirXpanders securities when:

- (a) they possess information that they know or ought reasonably to know is not generally available to the public; and
- (b) if the information was generally available, it would be expected to have a material effect on the price of AirXpanders securities.

The prohibition also extends to the following **Additional Prohibited Activities**:

- (a) advising, procuring or encouraging another person to deal, or enter into an agreement to deal, in AirXpanders' securities; and
- (b) directly or indirectly communicating the information to another person who a Relevant Person believes is likely to deal in, or procure another person to deal in, those securities.

This prohibition applies irrespective of:

- (a) how a Relevant Person learns of the information;
- (b) whether the trading occurs at a time that would otherwise be permitted during a Trading Window;
- (c) whether the trading occurs outside of a Blackout Period; or
- (d) whether the trading was approved with written clearance.

A Relevant Person should consider carefully whether they are in possession of “inside information” and, if they have any doubt, they should not trade or undertake any Additional Prohibited Activities.

4.3 Examples of inside information

The following is illustrative only and is not exhaustive. Inside information could include:

- (a) a possible acquisition or sale of any assets or businesses by AirXpanders;
- (b) a pending or proposed merger, acquisition, or tender offer;
- (c) any other type of change of control transaction;
- (d) a pending public or private sale of debt or equity securities;
- (e) the financial performance of AirXpanders against its budget or forecasts, including significant write-offs;
- (f) impending bankruptcy;
- (g) major scientific, clinical or regulatory results;
- (h) notice of issuance of patents;
- (i) senior management or board changes;
- (j) a significant change in the operations or direction of the business;
- (k) a major change in financing;
- (l) a proposed dividend or change of dividend policy;
- (m) regulatory action or investigations undertaken by a government or regulatory authority;
- (n) a material change in AirXpanders' capital structure;
- (o) any material claim against AirXpanders or other unexpected material liability, including any legal proceedings;
- (p) major awards or cancellations of contracts or license agreements with customers or suppliers;
- (q) major changes in pricing or discount policies; or
- (r) a significant new product.

5 Additional trading restrictions for KMP

In addition to the general trading restrictions set out in this policy that apply to all Relevant Persons, additional restrictions on trading in AirXpanders securities apply to KMP.

5.1 Trading windows

Subject to the general restriction on trading when in possession of inside information (set out in section 4), KMP may, unless AirXpanders advises otherwise, trade in AirXpanders securities during each period beginning on the third trading day after the filing of the Company's annual report on Form 10-K or quarterly report on Form 10-Q with the U.S. Securities and Exchange Commission (**SEC**) (provided that a copy is also released to the ASX) and ending at the close of trading on the day that is three weeks before the end of the quarter (and if that day is not a trading day, the last trading day before that day) (**Trading Windows**).

Notwithstanding the Trading Windows, the Board may, during a Trading Window, determine that KMP may not buy or sell AirXpanders securities during all or part of a Trading Window. KMP will be notified of any such decision.

The Chief Executive Officer or Chief Financial Officer will notify KMP of the precise opening and closing date of each Trading Window.

5.2 Blackout periods

The Board has determined that KMP are prohibited from trading in AirXpanders securities during a quarterly no-trade period beginning at the close of trading on the day that is three weeks before the end of each quarter (and if that day is not a trading day, the last trading day before that day) and continuing until at least the third trading day after AirXpanders' earnings for that quarter have been publicly released to the SEC and the ASX (each such quarterly period is referred to as a **Blackout Period**).

In addition to these set Blackout Periods, the Chief Executive Officer or Chief Financial Officer may, from time to time, declare any other relevant period to be a Blackout Period for the purposes of this policy.

5.3 Written clearance

A. Pre-Clearance During Blackout Period

Trading in AirXpanders securities by KMP during a Blackout Period may be permitted with:

- (a) the prior written clearance (not to be unreasonably withheld or delayed) of the Chairman; or
- (b) if the Chairman is absent or if the relevant dealing is proposed to be undertaken by the Chairman – the prior written clearance (not to be unreasonably withheld or delayed) of the Board,

if one of the following exceptional circumstances applies:

- (a) if the KMP is facing severe financial hardship (as determined by the relevant decision maker approving the clearance) and can only meet their financial commitments by selling their securities;
- (b) if the KMP is required by a court order, a court enforceable undertaking (eg. a bona fide family settlement), or some other overriding legal or regulatory requirement to transfer, or accept a transfer, of AirXpanders securities; or
- (c) such other exceptional circumstances as may from time to time be determined by the relevant decision maker approving the clearance.

Where such clearance is given, the relevant trading must occur within 7 days beginning on the day after the clearance. The clearance may however be withdrawn before the relevant trading occurs if new information comes to light or there is a change in circumstances.

Any clearance to trade can be given or refused by AirXpanders in its discretion, without given any reasons. A decision to refuse clearance is final and binding on the person seeking the clearance and that person must keep that information confidential and not disclose it to anyone.

Clearance to trade will not be granted if AirXpanders is likely in the short-term to release a periodic financial report or other financial data or make an announcement of market sensitive information under ASX Listing Rule 3.1

The KMP seeking the clearance will be required to certify that they are not in possession of any inside information that might preclude them from trading at that time. Any written clearance provided to trade is not an endorsement of the proposed trade and the KMP doing the trading is individually responsible for their compliance with insider trading laws. If the KMP does come into possession of inside information after receiving a clearance to trade, they must not trade despite having the clearance.

B. Pre-Clearance and Advance Notice of Transactions outside of a Blackout Period

In addition to the requirements of Section 5.3A above, those KMP that are subject to reporting requirements under Section 16(a) of the Exchange Act may not engage in any trading in AirXpanders securities outside of a Blackout Period without first obtaining written clearance (not to be unreasonably

withheld or delayed) of the transaction from the Chief Financial Officer (**Clearing Officer**) at least two business days in advance of the proposed transaction. The Clearing Officer will determine whether the transaction may proceed and, if so, will direct the Compliance Coordinator (as identified in AirXpanders' Section 16 Compliance Program) to assist in complying with the reporting requirements under Section 16(a) of the Exchange Act, if any. Pre-cleared transactions not completed within 7 business days shall require new pre-clearance under the provisions of this Section 5.3B. The Board may, at its discretion, shorten such period of time. Upon completion of any transaction, the KMP must immediately notify the Compliance Coordinator and any other individuals identified in AirXpanders' Section 16 Compliance Program so that AirXpanders may assist in any Section 16 reporting obligations.

6 Other restrictions

6.1 No short-term dealing in AirXpanders securities

KMP are encouraged to be long-term holders of AirXpanders securities.

As speculation in short-term fluctuations in AirXpanders securities does not promote market or stockholder confidence in the integrity of AirXpanders, no KMP may deal in AirXpanders securities on a short-term trading basis, except in exceptional circumstances as described in paragraph 5.3. Short-term means less than three months.

6.2 No hedging and pledging

All participants in an approved share or option plan of AirXpanders or who otherwise hold securities in AirXpanders which are subject to performance or other vesting conditions or escrow are prohibited from engaging in any conduct that seeks to secure the economic value attaching to the relevant securities and remove the element of price risk inherent in the value of those securities, while the securities remain unvested or subject to escrow.

Prohibited conduct includes writing put or call options over the underlying securities, dealing in derivative products or entering into other arrangements intended to hedge a "profit" in those securities, a margin loan or similar funding arrangement or other financial transaction which can give rise to pledging, lending or using the securities as collateral.

After vesting and the cessation of any applicable escrow arrangements, a holder of the relevant securities may undertake any transaction of a type referred to in this section, provided they give reasonable prior notice to the Chief Executive Officer of their intention to do so and comply with insider trading laws and the other provisions of this policy (including with respect to when dealings can occur) when undertaking any such transaction.

6.3 ASX notification by directors

Directors must notify AirXpanders if there is a change in their security interests as soon as possible to enable AirXpanders to comply with relevant timeframes under the ASX Listing Rules in relation to notification of changes to directors' relevant interests.

Any director requiring assistance in this regard should contact the Company Secretary.

7 Guidelines for employees

It is the responsibility of each employee to ensure that they observe the prohibition on insider trading.

Where an employee is unsure as to whether they are in possession of inside information they should discuss the matter with the Chief Executive Officer.

8 Securities of other companies

The prohibited insider trading under the Corporations Act also extends to trading in securities of other listed companies with which AirXpanders may be dealing (including suppliers or distributors) where an employee possesses “inside information” in relation to that other company.

That is, if a Relevant Person is aware of information that is not generally available that may have a material effect on the price or value of another company's securities; they should not deal in the securities of that company.

9 Exceptions to the policy

Subject to the insider trading provisions of the Corporations Act (described in section 4), Relevant Persons may at any time:

- (a) acquire AirXpanders' ordinary shares by conversion of securities giving a right of conversion to ordinary shares;
- (b) acquire AirXpanders securities under a bonus issue made to all holders of securities of the same class;
- (c) acquire AirXpanders securities under a dividend reinvestment plan, a rights issue or a share purchase plan that is available to all holders of securities of the same class;
- (d) dispose of rights acquired under a rights issue of a kind referred to in paragraph (c) above;
- (e) acquire, or agree to acquire, options or other rights under an AirXpanders' equity incentive plan;
- (f) exercise options or other rights acquired under an AirXpanders' equity incentive plan (but may not sell all or part of the shares received upon exercise of the options other than in accordance with this policy);
- (g) transfer AirXpanders securities already held into a superannuation fund or other saving scheme;
- (h) invest in, or trade units of, a fund or other scheme where the assets of the fund or other scheme are invested at the discretion of a third party provided the Relevant Person does not hold more than 5% of the economic value of that fund or other scheme;
- (i) accept a takeover offer or an equal access buy-back; or
- (j) effect transactions in AirXpanders securities pursuant to approved trading plans established under Rule 10b5-1 of the U.S. Securities Exchange Act of 1934, as amended.

10 Penalties

Insider trading is a criminal offence under the Corporations Act, punishable by substantial fines or imprisonment or both. Insider trading may also attract civil penalties. A court may impose substantial pecuniary penalties, and order compensation paid to persons suffering related loss or damage.

In addition, breaches of this policy will be regarded as serious misconduct and may be subject to disciplinary action, which may include termination of employment.

11 Duration of policy's applicability

This policy continues to apply to trading of AirXpanders securities or securities of other companies by a Relevant Person even after employment, directorship or consultancy (as applicable) with AirXpanders

has terminated. If a Relevant Person is in possession of inside information when their relationship with AirXpanders concludes, they may not trade in AirXpanders securities (or the securities of other companies as contemplated by section 8) or undertake any Additional Prohibited Activities until the information is generally available or would no longer have a material effect on the price or value of securities.

12 Further information

Any person who has questions about this policy, or who requires further information, should contact the Chief Executive Officer or Chief Financial Officer.

13 Review of this policy

This policy may be amended by resolution of the Board of Directors.

Adopted by the Board of Directors of AirXpanders, Inc.