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6 August 2018

Dear Securityholder

Rights Offering – notice to Ineligible Holders

This letter is to notify you that AirXpanders, Inc. ARBN 604 398 423 (ASX: AXP) (**AirXpanders**) has announced an underwritten pro rata, non-renounceable rights offering of CHESS Depositary Interests (**CDIs**), representing new fully paid shares of Class A common stock in AirXpanders (**New CDIs**), at a price of A\$0.075 per New CDI to raise approximately A\$15.7 million (**Rights Offering**). Under the Rights Offering, Eligible Holders will have the opportunity to subscribe for fifteen (15) New CDIs for every sixteen (16) CDIs held (or forty-five (45) New CDIs for every sixteen (16) shares of Class A Common Stock) which they hold at 7.00pm (AEST) on the Record Date at an issue price of A\$0.075 per CDI. The Rights Offering will be non-renounceable.

Who are Eligible Holders?	Eligible Holders are those persons who are registered as holders of AirXpanders' Class A Common Stock or CDIs as at 7.00pm (AEST) on Wednesday, 8 August 2018 (Record Date), with a registered address in Australia or New Zealand.
Do you meet the eligibility criteria?	Unfortunately, as you do not satisfy the eligibility criteria for an Eligible Holder, you are not eligible to subscribe for New CDIs and you will not be sent a copy of the U.S. prospectus or the Australian Offer Booklet. AirXpanders wishes to advise you that it will not be extending the Rights Offering to you.
Why are there restrictions on eligibility?	There are restrictions on eligibility because of: <ul style="list-style-type: none">• the legal limitations in some countries;• the relatively small number of stockholders and CDI holders in some countries;• the small number and value of shares and/or CDIs some of those stockholders and CDI holders hold; and• the potential cost of complying with regulatory requirements in those countries. AirXpanders has determined, pursuant to ASX Listing Rule 7.7.1(a) and section 9A(3)(a) of the <i>Corporations Act 2001</i> (Cth), that it would be unreasonable to make offers under the Rights Offering: <ul style="list-style-type: none">• to stockholders and CDI holders in all countries other than Australia and New Zealand; or• to stockholders and CDI holders who are US Persons (as defined in Regulation S under the US Securities Act of 1933) or who are acting for the account or benefit of such persons.
Do you need to do anything?	You are not required to do anything in response to this letter. This letter is to inform you about the Rights Offering, the details of which are provided above and is not an offer to issue New CDIs to you, nor an invitation for you to apply for New CDIs.
Questions	If you have any questions in relation to the Rights Offering and this letter, please seek professional advice or contact AirXpanders' CDI registry, Computershare Investor Services Pty Limited, on 1300 850 505 (within Australia) or +61 3 9415 4000 (outside Australia) between 8.30am and 5.00pm (AEST) on business days during the offer period.

Yours faithfully

Brendan Case
Company Secretary