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4 May 2016

## AirXpanders issues 2016 Notice of Annual Meeting of Stockholders & Proxy Statement

**Palo Alto, CA, United States, 4 May 2016:** AirXpanders Inc (ASX: AXP) a medical device company focused on the design, manufacture, sale and distribution of the AeroForm® tissue expander, is pleased to present the attached Notice of Annual Meeting of Stockholders & Proxy Statement which will be distributed to stockholders on or about 4 May 2016.

AirXpanders' Annual Meeting of Stockholders will be held at *Johnson Winter & Slattery's Sydney office* at Level 25, 20 Bond Street, Sydney, New South Wales, Australia on Tuesday, 17 May 2016 at 9.00am Australian Eastern Standard Time (Monday, 16 May 2016 at 4.00pm U.S. Pacific Daylight Time).

- ENDS -

<b>Company</b>	<b>Investor relations</b>
Scott Dodson President & CEO Tel: +1 (650)-390-9008 Email: <a href="mailto:sdodson@airxpanders.com">sdodson@airxpanders.com</a>	Kyahn Williamson Buchan Consulting Tel: +61 (3) 9866 4722 / + 61 (0)401018828 Email: <a href="mailto:kwilliamson@buchanwe.com.au">kwilliamson@buchanwe.com.au</a>

### About AirXpanders:

Founded in 2005, AirXpanders is a medical devices company focused on the design, manufacture, sale and distribution of its AeroForm® tissue expander used in patients undergoing breast reconstruction following mastectomy. It considers that its AeroForm® device is the best innovation in expander technology in 50 years. AeroForm® uses controlled delivery of small amounts of gas (CO2) to achieve tissue expansion prior to the placement of a permanent breast implant. AeroForm® successfully eliminates the need for needle-based expansion required for traditional saline tissue expanders and provides a faster, less painful and less stressful breast reconstruction journey. The Company has CE Mark and TGA approval for AeroForm® and is fully reimbursed under Australian private health plans with relevant coverage. To date, AeroForm® has been successfully implanted in over 400 patients worldwide. AirXpanders devices are not cleared or approved for use in the United States and are considered for investigational use only. AirXpanders is cleared for commercialization in Europe and in Australia.

For more information, refer to the Company's website at [www.airxpanders.com](http://www.airxpanders.com).

# AIRXPANDERS, INC.

ABN 28 604 398 423

**Australian Registered Office:** Level 13, 41 Exhibition Street, Melbourne, Victoria, 3000, Australia  
**USA Office and Headquarters:** 1047 Elwell Court, Palo Alto, California, 94303, USA

## NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

**NOTICE IS GIVEN** that the Annual Meeting of stockholders of AirXpanders, Inc. (**Company**) (ASX: AXP) will be held at Johnson Winter & Slatery's Sydney office at Level 25, 20 Bond Street, Sydney, New South Wales, Australia on Tuesday, 17 May 2016 at 9.00am Australian Eastern Standard Time (Monday, 16 May 2016 at 4.00pm U.S. Pacific Daylight Time).

### Items of Business

#### 1 Election of Directors

To consider and, if thought fit, to pass the following resolutions as separate ordinary resolutions:

- (a) "That Mr Gregory Lichtwardt, in accordance with the Company's amended and restated bylaws and certificate of incorporation, and being eligible, offers himself for election, be elected as a Class I director of the Company."
- (b) "That Ms Zita Peach, in accordance with the Company's amended and restated bylaws and certificate of incorporation, and being eligible, offers herself for election, be elected as a Class I director of the Company."

#### 2 Approval of 10% Placement Facility

To consider and, if thought fit, to pass the following resolution as a special resolution:

"That, pursuant to and in accordance with ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions in the accompanying Explanatory Memorandum."

##### *Voting Exclusion*

*The Company will disregard any votes cast on Item 2 by a person who may participate in the proposed issue, and any of their associates, and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of shares of Class A common stock or CDIs, if the resolution under Item 2 is passed, unless the vote is cast:*

- *by a person as proxy for a person who is entitled to vote on Item 2, in accordance with the directions on the proxy form; or*
- *by a person chairing the meeting as proxy for a person who is entitled to vote on Item 2, in accordance with a direction on the proxy form to vote as the proxy decides.*

#### 3 Grant of Options to Mr Scott Dodson, President & CEO and a Director of the Company

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

"That approval is given, for the purpose of ASX Listing Rule 10.14 and all other purposes, for the Company to grant options to purchase 228,500 shares of Class A common stock (equivalent to 685,500 CDIs) under the 2015 Equity Incentive Plan to the President & CEO and a Director of the Company, Mr Scott Dodson, in the 2016 financial year, on the terms set out in the accompanying Explanatory Memorandum."

##### *Voting Exclusion*

*The Company will disregard any votes cast on Item 3 by the directors of the Company (except any director who is ineligible to participate in the 2015 Equity Incentive Plan) and any of their associates, unless the vote is cast:*

- *by a person as a proxy for a person entitled to vote on Item 3, in accordance with the directions on the proxy form; or*
- *by a person chairing the meeting as proxy for a person who is entitled to vote on Item 3 in accordance with a direction on the proxy form to vote as the proxy decides.*

#### **4 Grant of Options to Non-Executive Directors of the Company**

##### **(a) Grant of Options to Mr Barry Cheskin**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That approval is given, for the purpose of ASX Listing Rule 10.14 and all other purposes, for the Company to grant options to purchase 42,900 shares of Class A common stock (equivalent to 128,700 CDIs) under the 2015 Equity Incentive Plan to Mr Barry Cheskin, in the 2016 financial year, on the terms set out in the accompanying Explanatory Memorandum.”

##### **(b) Grant of Options to Mr Dennis Condon**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That approval is given, for the purpose of ASX Listing Rule 10.14 and all other purposes, for the Company to grant options to purchase 11,400 shares of Class A common stock (equivalent to 34,200 CDIs) under the 2015 Equity Incentive Plan to Mr Dennis Condon, in the 2016 financial year, on the terms set out in the accompanying Explanatory Memorandum.”

##### **(c) Grant of Options to Mr Gregory Lichtwardt**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That approval is given, for the purpose of ASX Listing Rule 10.14 and all other purposes, for the Company to grant options to purchase 35,000 shares of Class A common stock (equivalent to 105,000 CDIs) under the 2015 Equity Incentive Plan to Mr Gregory Lichtwardt, in the 2016 financial year, on the terms set out in the accompanying Explanatory Memorandum.”

##### **(d) Grant of Options to Ms Zita Peach**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That approval is given, for the purpose of ASX Listing Rule 10.14 and all other purposes, for the Company to grant options to purchase 35,000 shares of Class A common stock (equivalent to 105,000 CDIs) under the 2015 Equity Incentive Plan to Ms Zita Peach, in the 2016 financial year, on the terms set out in the accompanying Explanatory Memorandum.”

##### **(e) Grant of Options to Mr Tadmor Shalon**

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That approval is given, for the purpose of ASX Listing Rule 10.14 and all other purposes, for the Company to grant options to purchase 11,400 shares of Class A common stock (equivalent to 34,200 CDIs) under the 2015 Equity Incentive Plan to Mr Tadmor Shalon, in the 2016 financial year, on the terms set out in the accompanying Explanatory Memorandum.”

##### *Voting Exclusion*

*The Company will disregard any votes cast on Items 4(a), (b), (c), (d) or (e) by the directors of the Company (except any director who is ineligible to participate in the 2015 Equity Incentive Plan) and any of their associates, unless the vote is cast:*

- *by a person as a proxy for a person entitled to vote on the relevant Item, in accordance with the directions on the proxy form; or*
- *by a person chairing the meeting as proxy for a person who is entitled to vote on the relevant Item in accordance with a direction on the proxy form to vote as the proxy decides.*

**Record Date**

You may vote at the meeting if you were a stockholder of record or a beneficial owner of shares held in street name on 12 April 2016 at 7.00pm Australian Eastern Standard Time (12 April 2016 at 2.00am U.S. Pacific Daylight Time) (the **Record Date**).

**Voting by Proxy**

Whether or not you plan to attend the Annual Meeting in person, you are urged to vote or submit your proxy card or CDI Voting Instruction Form as soon as possible so that your shares can be voted at the Annual Meeting in accordance with your instructions.

Please note that you are entitled to vote only if you were a stockholder of the Company on the Record Date. This means that owners of shares of Class A common stock in the Company as of that date are entitled to vote at the Annual Meeting and any adjournments or postponements of the meeting. Record holders of CDIs as of the Record Date, are entitled to receive notice of and to attend the meeting or any adjournment or postponement of the meeting and may instruct the Company's CDI depositary, CHESS Depositary Nominees Pty Ltd, (**CDN**), to vote the shares underlying their CDIs by following the instructions on the enclosed CDI Voting Instruction Form or by voting online at [www.investorvote.com.au](http://www.investorvote.com.au). Doing so permits CDI holders to instruct CDN to vote on behalf of the CDI holders at the meeting in accordance with their written instructions.

For ten (10) days prior to the Annual Meeting, a complete list of stockholders entitled to vote at the meeting will be available for examination by any stockholder, for any purpose relating to the meeting, during ordinary business hours at the Company's principal place of business at 1047 Elwell Court Palo Alto, CA 94303 USA.

This Notice of Annual Meeting of Stockholders and the 2015 annual report are available at [www.airxpanders.com](http://www.airxpanders.com).

Dated this May 4, 2016.

By Order of the Board

**Brendan Case**  
**Australian Secretary**

## PROXY STATEMENT

### 2016 ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON 17 MAY 2016

The board of directors of AirXpanders, Inc. (**Company**) is soliciting proxies for use at the Annual Meeting of stockholders to be held at Johnson Winter & Slattery's Sydney office, at Level 25, 20 Bond Street Sydney, New South Wales, Australia on Tuesday, 17 May 2016 at 9.00am Australian Eastern Standard Time (Monday, 16 May 2016 at 4.00pm U.S. Pacific Daylight Time) (**Annual Meeting**) and at any adjournment or postponement of the meeting. We expect to mail this proxy statement and accompanying Notice of Annual Meeting of Stockholders (**Notice of Annual Meeting**) to our stockholders on or about May 4, 2016.

#### QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

##### *What is the purpose of the meeting?*

At the Annual Meeting, stockholders are invited to act upon the matters outlined in the Notice of Annual Meeting. At the meeting, management will also report on matters of current interest to our stockholders and respond to any questions from our stockholders. The matters outlined in the Notice of Annual Meeting include:

- the election of two Class I directors (**Items 1(a) and (b)**);
- approval of 10% placement facility (**Item 2**);
- grant of options to Mr Scott Dodson, President & CEO and a Director of the Company (**Item 3**); and
- grant of options to the Non-Executive Directors of the Company (**Items 4(a), (b), (c), (d) and (e)**).

##### *Who is entitled to vote at the meeting?*

Only those stockholders of record or beneficial owners of shares held in street name on 12 April, 2016 at 7.00pm Australian Eastern Standard Time, (2.00am U.S. Pacific Daylight Time) (**Record Date**), will be entitled to receive notice of and to vote at the meeting and any adjournment or postponement thereof. CHES Depositary Interest (**CDI**) holders as of the Record Date are entitled to receive notice of and attend the meeting and may instruct CHES Depositary Nominees Pty Ltd (**CDN**) to vote at the meeting by following the instructions on the CDI Voting Instruction Form or by voting online at [www.investorvote.com.au](http://www.investorvote.com.au).

As of the Record Date, there were 70,427,195 shares of Class A common stock in the Company (**Shares**) outstanding (equivalent to 211,281,585 CDIs), all of which were entitled to vote with respect to the proposals to be acted upon at the meeting, subject to the voting exclusions noted in the Items of Business. Each CDI represents one third of a Share. As of the Record Date, there were 208,618,746 CDIs quoted on the Australian Securities Exchange (**ASX**) (assuming all issued Shares are held as CDIs, but excluding CDIs and Shares which are subject to ASX restrictions).

Votes for and against and abstentions each will be counted as present and entitled to vote for purposes of determining whether a quorum is present.

##### *Will any investors be excluded from voting on any of the proposals at the meeting?*

In accordance with ASX Listing Rule 14.11.1, the Company will disregard any votes cast on certain resolutions by certain stockholders and associates of those stockholders. Please refer to the Items of Business for further detail in relation to the exclusions that apply.

Members of the board of directors and their associates are not permitted to vote your proxy on Items 3 or 4(a) to 4(e) unless you have directed them how to vote or you have directed them to vote as they decide. If you intend to appoint a director as your proxy, please ensure you direct them how to vote on those Items. Alternatively, if you appoint the Chairman of the Annual Meeting as your proxy, and do not mark the voting direction boxes for any Items of the proxy form or voting instruction form, you are authorising the Chairman to vote as he sees fit on the Items left unmarked, including Items 3 and 4(a) to 4(e) (if applicable). The Chairman intends to vote all undirected proxies in favour of each Item of Business.

##### *What are my voting rights?*

Holders of Shares are entitled to one vote for each Share held as at the Record Date. Holders of our CDIs are entitled to direct CDN to vote one vote for every three (3) CDIs held by such holder as at the Record Date. Therefore, as of the Record Date, a total of 70,427,195 votes are entitled to be cast at the meeting.

##### *How many shares must be present or represented to hold the meeting?*

In accordance with section 8 of the Company's amended and restated bylaws, the presence in person, by remote communication or by proxy, of the holders of a majority of the outstanding Shares entitled to vote at the meeting, as of the Record Date, must be present at the Annual Meeting in order to hold the meeting and conduct business. This is called a quorum.

### ***What is a proxy?***

It is your designation of another person to vote stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. When you designate a proxy, you also may direct the proxy how to vote your shares. We refer to this as your “proxy vote.”

### ***What is the difference between a stockholder of record and a “street name” holder?***

If you own Shares registered directly in your name with our U.S. transfer agent, Computershare Trust Company, N.A., you are considered the stockholder of record with respect to those Shares. As a stockholder of record, you have the right to grant your voting proxy directly to the Company or to vote in person at the Annual Meeting.

If your Shares are held in a stock brokerage account or by a bank, trust or other nominee, then the broker, bank, trust or other nominee is considered to be the stockholder of record with respect to those Shares, while you are considered the beneficial owner of those Shares. In that case, your Shares are said to be held in “street name” and the notice was forwarded to you by that organization. Street name holders generally cannot vote their Shares directly and must instead instruct the broker, bank, trust or other nominee how to vote their Shares using the method described below under “How do I vote my shares of AirXpanders common stock?” Since a street name holder is not the stockholder of record, you may not vote your shares in person at the Annual Meeting unless you obtain a “legal proxy” from the broker, bank, trustee, or nominee that holds your Shares giving you the right to vote the Shares at the meeting.

CDN is the stockholder of record for all Shares beneficially owned by holders of CDIs. Holders of CDIs are entitled to receive notice of and to attend the Annual Meeting and may direct CDN to vote at the Annual Meeting by using the method described below under “How do I vote if I hold CDIs?”

### ***How do I vote my shares of AirXpanders common stock?***

If you are a stockholder of record, you can submit a proxy to be voted at the meeting in any of the following ways:

- over the Internet by following instructions below; or
- signing, dating and mailing the enclosed proxy card; or
- in person at the Annual Meeting.

Valid proxies must be received by Computershare no later than 9.00am on Sunday, 15 May 2016, Australian Eastern Standard Time, (Saturday, 14 May 2016 at 4.00pm U.S. Pacific Daylight Time).

To vote by the Internet, you will need to use a control number that was provided to you in the materials with this Notice of Annual Meeting and follow the additional steps when prompted. The steps have been designed to authenticate your identity, allow you to give voting instructions, and confirm that those instructions have been recorded properly.

If you hold your Shares in street name, you must vote your Shares in the manner prescribed by your broker, bank, trust or other nominee, which is similar to the voting procedures for stockholders of record. You will receive a voting instruction form (not a proxy card) to use in directing the broker, bank, trust or other nominee how to vote your Shares.

Please refer to “Will any investors be excluded from voting on any of the proposals at the meeting?” for a summary of voting exclusions applicable to each proposal to be voted on at the Annual Meeting.

### ***How do I vote if I hold CDIs?***

Each CDI holder as at the Record Date is entitled to direct CDN to vote one vote for every three (3) CDIs held by such holder. Such CDI holders are entitled to receive notice of and to attend the Annual Meeting and any adjournment or postponement of the Annual Meeting and may instruct the Company’s CDI depository, CDN, to vote the Shares underlying their CDIs in a particular manner by returning the enclosed CDI Voting Instruction Form to Computershare, or by voting online at [www.investorvote.com.au](http://www.investorvote.com.au). Valid voting instructions must be received by Computershare no later than 9.00am on Friday, 13 May 2016, Australian Eastern Standard Time, (Thursday, 12 May 2016 at 4.00pm U.S. Pacific Daylight Time). Doing so permits CDI holders to instruct CDN to vote on behalf of the CDI holders at the meeting in accordance with their written instructions.

Alternatively, CDI holders may vote at the Annual Meeting by informing the Company that they wish to nominate themselves or another person to be appointed as CDN’s proxy for the purpose of attending and voting at the meeting by completing Step 1 in the enclosed CDI Voting Instruction Form.

### ***What does it mean if I receive more than one printed set of proxy materials?***

If you receive more than one printed set of proxy materials, it means that you hold Shares or CDIs registered in more than one account. To ensure that all of your Shares and CDIs are voted, please submit proxies or voting instructions for all of your Shares and CDIs.

### ***How can I attend the meeting?***

All of our stockholders and CDI holders are invited to attend the Annual Meeting. You may be asked to present valid photo identification, such as a driver's license or passport, before being admitted to the meeting. If you hold your Shares in street name or are a CDI holder, you also may be asked to present proof of ownership to be admitted to the meeting. A brokerage or holding statement or letter from your broker, bank, trust or other nominee are examples of proof of ownership.

### ***Can I vote my shares in person at the meeting?***

If you are a stockholder of record, you may vote your shares in person at the meeting by completing a ballot at the meeting. Even if you currently plan to attend the meeting, we recommend that you submit your proxy as described above so your vote will be counted if you later decide not to attend the meeting. If you submit your vote by proxy and later decide to vote in person at the Annual Meeting, the vote you submit at the meeting will override your proxy vote.

If you are a street name holder, you may vote your shares in person at the meeting only if you obtain and bring to the meeting a signed letter or other form of proxy from your broker, bank, trust or other nominee giving you the right to vote the shares at the meeting.

Please refer to "How do I vote if I hold CDIs?" if you are a CDI holder.

### ***What is the voting requirement to approve each of the proposals included in the notice of meeting?***

#### ***Items 1(a) and 1(b) — Election of Directors***

You may vote "FOR" or "ABSTAIN" on the election of each of the directors nominated for election. Abstentions are considered shares present and entitled to vote for purposes of determining quorum, but will not be treated as a vote "FOR" or a vote "AGAINST" the resolutions.

Directors are elected by a plurality of the votes of the Shares present in person, by remote communication or represented by proxy and entitled to vote at the Annual Meeting. Accordingly, the director nominees receiving the highest number of "FOR" votes will be elected.

If you do not submit your proxy or voting instructions to your broker, a "broker non-vote" occurs and your shares will not be counted for the purpose of establishing a quorum and will have no effect on the outcome of this proposal. The same result will occur if you do not instruct CDN how to vote your Shares.

Under Listing Rule 14.2.1, a proxy form must allow stockholders to vote for a resolution, against a resolution or to abstain from voting on a resolution. The laws of Delaware, where the Company is domiciled, do not provide for the casting of stockholders' votes against certain types of resolutions, including the election of directors. As a result, ASX granted the Company a waiver from Listing Rule 14.2.1 to the extent necessary to permit the Company not to provide in its proxy form an option for holders of CDIs to vote against a resolution to elect a director. The terms of the waiver are that: (i) the Company complies with the relevant US laws as to the content of proxy forms applicable to resolutions for the election of directors; (ii) any notice given by the Company to CDI holders under ASX Settlement Operating Rule 13.8.9 makes it clear that holders are only able to vote for such resolutions or abstain from voting, and the reasons why this is the case; (iii) the terms of the waiver are set out in the management proxy circular provided to all holders of CDIs; and (iv) the waiver from listing rule 14.2.1 only applies for so long as the relevant US laws prevent the Company from permitting stockholders to vote against a resolution to elect a director.

#### ***Item 2 — Approval of 10% Placement Facility***

You may vote "FOR," "AGAINST" or "ABSTAIN" on the proposal to approve, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, the issue of up to 10% of the issued capital of the Company (at the time of the issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 (**10% Placement Facility**).

The proposal to approve the 10% Placement Facility requires the affirmative vote of 75% of the votes cast by stockholders present in person or represented by proxy at the Annual Meeting and entitled to vote on this proposal. Abstentions are considered shares present and entitled to vote and thus will have the effect of a vote "AGAINST" this proposal.

If you do not submit your proxy or voting instructions to your broker, a "broker non-vote" occurs and your shares will not be counted for the purpose of establishing a quorum and will have no effect on the outcome of this proposal. The same result will occur if you do not instruct CDN how to vote your shares.

### ***Item 3 — Approval of Grant of Options to Mr Scott Dodson, President & CEO and a Director of the Company***

You may vote “FOR,” “AGAINST” or “ABSTAIN” on the proposal to approve the grant of options to Mr Scott Dodson, President & CEO and a Director of the Company.

The proposal to approve the grant of options to purchase 228,500 Shares to Mr Dodson requires the affirmative vote of the holders of a majority of the Shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal at the Annual Meeting. Abstentions are considered shares present and entitled to vote and thus will have the effect of a vote “AGAINST” this proposal.

If you do not submit your proxy or voting instructions to your broker, a “broker non-vote” occurs and your shares will not be counted for the purpose of establishing a quorum and will have no effect on the outcome of this proposal. The same result will occur if you do not instruct CDN how to vote your shares.

### ***Items 4(a) to 4(e) — Approval of Grant of Options to Non-Executive Directors***

You may vote “FOR,” “AGAINST” or “ABSTAIN” on the proposals to approve each of the grants of options to the Non-Executive Directors of the Company, as follows:

- to Mr Barry Cheskin, Chairman and Non-Executive Director – options to purchase 42,900 Shares (Item 4(a));
- to Mr Dennis Condon, Non-Executive Director – options to purchase 11,400 Shares (Item 4(b));
- to Mr Gregory Lichtwardt, Non-Executive Director (assuming Item 1(a) is passed) – options to purchase 35,000 Shares (Item 4(c));
- to Ms Zita Peach, Non-Executive Director (assuming Item 1(b) is passed) – options to purchase 35,000 Shares (Item 4(d)); and
- to Mr Tadmor Shalon, Non-Executive Director – options to purchase 11,400 Shares (Item 4(e)).

The proposals to approve such grants each requires the affirmative vote of the holders of a majority of the Shares present in person or represented by proxy at the Annual Meeting and entitled to vote on such proposal at the Annual Meeting. Abstentions are considered shares present and entitled to vote and thus will have the effect of a vote “AGAINST” this proposal.

If you do not submit your proxy or voting instructions to your broker, a “broker non-vote” occurs and your shares will not be counted for the purpose of establishing a quorum and will have no effect on the outcome of this proposal. The same result will occur if you do not instruct CDN how to vote your shares.

### ***Can I change my vote after submitting my proxy?***

Yes.

If you are a stockholder of record, you may change your vote or revoke your proxy at any time before your proxy is voted at the Annual Meeting, in any of the following ways:

- by voting again or submitting a later-dated proxy or the Internet before 9.00am Australian Eastern Standard Time on Sunday, 15 May 2016, (Saturday, 14 May 2016 at 4.00pm U.S. Pacific Daylight Time);
- by submitting a later-dated proxy to the Australian Secretary of the Company, which must be received by the Company before the time of the Annual Meeting;
- by sending a written notice of revocation of proxy to the Australian Secretary of the Company, which must be received by the Company before the time of the Annual Meeting; or
- by voting in person at the Annual Meeting.

If you are a holder of CDIs and you direct CDN to vote by completing the CDI Voting Instruction Form, you may revoke those instructions by delivering to Computershare, no later than 9.00am Australian Eastern Standard Time on Friday, 13 May 2016, Australian Eastern Standard Time, (Thursday, 12 May 2016 at 4.00pm U.S. Pacific Daylight Time), a written notice of revocation bearing a later date than the CDI Voting Instruction Form previously sent.

### ***Who pays for the cost of proxy preparation and solicitation?***

We pay for the cost of proxy preparation and solicitation, including the reasonable charges and expenses of brokerage firms, banks, trusts or other nominees for forwarding proxy materials to street name holders and CDI holders. We are soliciting proxies by mail. In addition, our directors, officers and regular employees may solicit proxies personally, telephonically, electronically or by other means of communication. The Company’s directors, officers and regular employees will receive no additional compensation for their services other than their regular compensation.

## EXPLANATORY MEMORANDUM

### Business

#### ITEMS 1(a) and 1(b) – ELECTION OF DIRECTORS

The Company's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide that the Board shall be divided into three classes, each class being as equal in number as reasonably possible; designated: Class I, Class II and Class III.

Ms Brigitte Smith and Dr Albert Cha will retire as Class I directors immediately prior to the Annual Meeting. The board of directors proposes that Mr Gregory Lichtwardt and Ms Zita Peach be elected by stockholders at the Annual Meeting to replace Ms Smith and Dr Cha as Class I directors.

##### *Class I directors:*

- Mr Gregory Lichtwardt
- Ms Zita Peach

If elected, the term of office of the Class I directors will next expire at the annual meeting of stockholders to be held in 2019.

##### **(a) Election of Mr Gregory Lichtwardt to the Board**

Mr Lichtwardt most recently held the position of Executive Vice President, Operations and Chief Financial Officer at Accuray, a NASDAQ-listed medical radiation therapy company that develops, manufactures and sells innovative tumor treatment solutions. At Accuray, Mr Lichtwardt had responsibility over finance, treasury, investor relations, manufacturing, supply chain and facilities functions.

Prior to this, Mr Lichtwardt was the Executive Vice President, Operations and Chief Financial Officer at Conceptus Inc, a company which designs, develops, and markets minimally invasive devices for reproductive medical applications. During his time at Conceptus, its sales grew from US\$8 million to US\$141 million and adjusted EBITDA reached 20 percent of sales.

In total, Mr Lichtwardt's executive career spans over 35 years and includes numerous leadership and senior finance roles within the medical device and pharmaceutical sector, including American Hospital Supply, Allergan and Ocular Sciences.

Mr Lichtwardt was previously a Director at Biolase Inc, a US-based, NASDAQ-listed medical device company that develops, manufactures, markets and sells laser systems and dental imaging equipment in dentistry. At Biolase, he held the position of Audit Committee Chair and Quality Committee Chair and was a member of the Compensation Committee.

Mr Lichtwardt holds a Bachelor of Business Administration from the University of Michigan and a Masters of Business Administration from Michigan State University.

##### **Board Recommendation and Chairman's voting intention for Item 1(a):**

The Board recommends that stockholders vote in favour of this item of business.

The Chairman intends to vote undirected proxies **in favour** of this resolution.

##### **(b) Election of Ms Peach to the Board**

Ms Peach's most recent executive position was as the Managing Director for Australia and New Zealand and Executive Vice President, South Asia Pacific for Frensenius Kabi, a provider of pharmaceutical products and medical devices to hospitals. She played a key role in the sustained development of the company in the Asia Pacific region, achieving double-digit growth and becoming the fastest growing region, contributing around 30% of total company revenue.

Previously, Ms Peach was Vice President of Business Development at CSL Limited, a top 20 ASX biopharmaceutical company focused on developing and marketing protein therapeutics for serious unmet medical diseases.

In 2015, Ms Peach joined the board of two early stage medical technology companies: 4Dx Pty Ltd, a company involved in commercialising four-dimensional lung imaging technology; and Bionic Vision Technologies Pty Ltd a developer of visual prostheses for patients with retinal degeneration conditions.

Ms Peach currently serves as a Non-Executive Director of Starpharma Holdings, an ASX300 company and a leader in the development of dendrimer products for pharmaceutical, life science and other applications. She also serves on the board of the Vision Eye Institute, Australia's leading provider of ophthalmic services.

Ms Peach holds a Bachelor of Science from the University of Melbourne, and is a graduate of the Australian Institute of Company Directors. She is a Fellow at the Australian Institute of Marketing, and a member of both Women on Boards and the Australian Institute of Company Directors.

**Board Recommendation and Chairman's voting intention for Item 1(b):**

The Board unanimously recommends that stockholders vote in favour of this item of business.

The Chairman of the meeting intends to vote undirected proxies **in favour** of this resolution.

**ITEM 2 - APPROVAL OF 10% PLACEMENT FACILITY**

**Background**

ASX Listing Rule 7.1A enables eligible entities to issue equity securities up to 10% of issued share capital through placements over a 12 month period after the annual general meeting (**10% Placement Facility**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

An eligible entity for the purposes of Listing Rule 7.1A is an entity that is not included in the S&P/ASX 300 Index and has a market capitalisation of A\$300 million or less. The Company is an eligible entity.

The Company is now seeking stockholder approval by way of a special resolution to have the ability to issue "equity securities" under the 10% Placement Facility. "Equity securities" includes (a) a share, (b) a unit, (c) a right to a share or unit or option, (d) an option over an issued or unissued security and (e) a convertible security (an **Equity Security**).

The exact number of Equity Securities to be issued under the 10% Placement Facility will be determined in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer below).

The Company proposes to use the funds raised from the issue of Equity Securities under the 10% Placement Facility for working capital requirements and ongoing business development activities and/or for acquisition of new assets or investments (including expenses associated with such acquisition).

**Description of Listing Rule 7.1A**

**(a) Stockholder approval**

The ability to issue Equity Securities (such as CDIs) under the 10% Placement Facility is subject to stockholder approval by way of a special resolution at an annual general meeting.

**(b) Equity Securities**

Any Equity Securities issued under the 10% Placement Facility must be in the same class as an existing quoted class of Equity Securities of the Company.

**(c) Formula for calculating 10% Placement Facility**

ASX Listing Rule 7.1A.2 provides that eligible entities which have obtained stockholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

$$(A \times D) - E$$

**A** is the number of shares on issue 12 months before the date of issue or agreement to issue:

- (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (B) plus the number of partly paid shares that became fully paid in the 12 months;
- (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under ASX Listing Rules 7.1 or 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without stockholder approval;
- (D) less the number of fully paid shares cancelled in the 12 months.

*Note that A has the same meaning in ASX Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of stockholders under Listing Rule 7.1 or 7.4.

**(d) ASX Listing Rule 7.1 and ASX Listing Rule 7.1A**

If passed, Item 2 will allow the board of directors to issue up to an additional 10% of the Company's issued capital during the 12 month period following the date of the Annual Meeting without requiring further stockholder approval. This is in addition to the Company's 15% annual placement capacity provided for in ASX Listing Rule 7.1.

The actual number of Equity Securities that the Company will have capacity to issue under Listing Rule 7.1A will be calculated at the date of issue of the Equity Securities in accordance with the formula prescribed in Listing Rule 7.1A.2 (refer to Section (c) above).

**(e) Minimum Issue Price**

The issue price of Equity Securities issued under ASX Listing Rule 7.1A must be not less than 75% of the VWAP of Equity Securities in the same class calculated over the 15 trading days immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.

**(f) 10% Placement Period**

Stockholder approval of the 10% Placement Facility under ASX Listing Rule 7.1A is valid from the date of the Annual Meeting at which the approval is obtained and expires on the earlier to occur of:

- (i) the date that is 12 months after the date of the Annual Meeting at which the approval is obtained; or
- (ii) the date of the approval by stockholders of a transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of activities) or 11.2 (disposal of main undertaking),

or such longer period if allowed by the ASX (**10% Placement Period**).

**ASX Listing Rule 7.1A**

The effect of Item 2 will be to allow the Directors to issue the Equity Securities under ASX Listing Rule 7.1A during the 10% Placement Period without using the Company's 15% placement capacity under ASX Listing Rule 7.1.

Item 2 is a special resolution and therefore requires approval of 75% of the votes cast by stockholders present and eligible to vote (in person or by proxy).

**Specific information required by ASX Listing Rule 7.3A**

Pursuant to and in accordance with ASX Listing Rule 7.3A, information is provided in relation to the approval of the 10% Placement Facility as follows:

- (a) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 trading days on which trades in that class were recorded immediately before:
  - (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (ii) if the Equity Securities are not issued within 5 trading days of the date in paragraph (i) above, the date on which the Equity Securities are issued.
- (b) If Item 2 is approved by stockholders and the Company issues Equity Securities under the 10% Placement Facility, the existing stockholders' voting power in the Company will be diluted as shown in the below table (in the case of options, only if the options are exercised). There is a risk that:
  - (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Annual Meeting; and
  - (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing stockholders and holders of CDIs on the basis of the current market price of CDIs and the current number of CDIs for variable "A" calculated in accordance with the formula in Listing Rule 7.1A.2 as at the date of this Notice of Annual Meeting.

The table also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of CDIs the Company has on issue. The number of CDIs on issue may increase as a result of issues of ordinary securities that do not require stockholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under ASX Listing Rule 7.1 that are approved at a future stockholders' meeting; and
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 100% as against the current market price of CDIs.

Variable 'A' in Listing Rule 7.1A.2 (CDIs)		Dilution		
		A\$0.5700 50% decrease in Issue Price	A\$1.1400 Issue Price	A\$2.2800 100% increase in Issue Price
<b>Current Variable A</b>  211,281,585	<b>10% Voting dilution</b>	21,128,159	21,128,159	21,128,159
	<b>Funds Raised</b>	A\$12,043,050	A\$24,086,101	A\$48,172,201
<b>50% increase in current Variable A</b>  316,922,378	<b>10% Voting dilution</b>	31,692,238	31,692,238	31,692,238
	<b>Funds Raised</b>	A\$18,064,576	A\$36,129,151	A\$72,258,302
<b>100% increase in current Variable A</b>  422,563,170	<b>10% Voting dilution</b>	42,256,317	42,256,317	42,256,317
	<b>Funds Raised</b>	A\$24,086,101	A\$48,172,201	A\$96,344,403

The table has been prepared on the following assumptions:

- (i) The Company issues the maximum number of Equity Securities available under the 10% Placement Facility.
- (ii) No options are exercised into common stock before the date of the issue of the Equity Securities.
- (iii) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
- (iv) The table does not show an example of dilution that may be caused to a particular stockholder by reason of placements under the 10% Placement Facility, based on that stockholder's holding at the date of the Annual Meeting.
- (v) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1.
- (vi) The issue of Equity Securities under the 10% Placement Facility consists only of CDIs.
- (vii) The issue price is A\$1.14, being the closing price of the CDIs on ASX on 23 March 2016.

- (c) The Company will only issue and allot the Equity Securities relating to the 10% Placement Facility during the 10% Placement Period. The approval under Item 2 for the issue of the Equity Securities will cease to be valid in the event that stockholders approve a transaction under ASX Listing Rule 11.1.2 (a significant change to the nature or scale of activities) or ASX Listing Rule 11.2 (disposal of main undertaking).
- (d) The Company may seek to issue the Equity Securities for the following purposes:
  - (i) non-cash consideration for the acquisition of new assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3; or
  - (ii) cash consideration. In such circumstances, the Company intends to use the funds raised towards working capital requirements and ongoing business development activities and/or for acquisition of new assets or investments (including expenses associated with such acquisition).

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A.4 and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue pursuant to the 10% Placement Facility. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing stockholders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees under the 10% Placement Facility have not been determined as at the date of this Notice of Annual Meeting but may include existing substantial stockholders and/or new stockholders who are not related parties or associates of a related party of the Company.

Further, if the Company acquires new assets or investments, it is possible that the allottees under the 10% Placement Facility will be the vendors of the new assets or investments.

- (e) The Company has not previously obtained stockholder approval under Listing Rule 7.1A.

#### **Board recommendation and Chairman's voting intention for Item 2**

The Board unanimously recommends that stockholders vote in favour of this item of business.

The Chairman of the meeting intends to vote undirected proxies **in favour** of this resolution.

#### **Voting Exclusion for Item 2**

A voting exclusion applies to this Item as set out in the Items of Business.

At the date of the Notice, the Company has not approached any particular existing stockholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing stockholder's votes will therefore be excluded under the voting exclusion.

## ITEM 3 AND ITEMS 4(a) TO 4(e) - GRANTS OF OPTIONS TO DIRECTORS

### Introduction

The Company is proposing to issue to directors of the Company, options to purchase Shares (**Options**) under the 2015 Equity Incentive Plan (**Plan**).

ASX Listing Rule 10.14 provides that a company must not permit a director to acquire securities under an employee incentive scheme without the prior approval of stockholders. Accordingly, the resolutions under Item 3 and Items 4(a) to 4(e) seek stockholder approval under ASX Listing Rule 10.14 and for all other purposes, for each of the following grants of Options:

- to Mr Scott Dodson, President, CEO and Director – options to purchase 228,500 Shares (Item 3)
- to Mr Barry Cheskin, Chairman and Non-Executive Director – options to purchase 42,900 Shares (Item 4(a));
- to Mr Dennis Condon, Non-Executive Director – options to purchase 11,400 Shares (Item 4(b));
- to Mr Gregory Lichtwardt, Non-Executive Director (assuming Item 1(a) is passed) – options to purchase 35,000 Shares (Item 4(c));
- to Ms Zita Peach, Non-Executive Director (assuming Item 1(b) is passed) – options to purchase 35,000 Shares (Item 4(d)); and
- to Mr Tadmor Shalon, Non-Executive Director – options to purchase 11,400 Shares (Item 4(e)).

The maximum number of Options that may be acquired by the directors if stockholder approval is given for each of Items 3 and 4(a) to 4(e) is 364,200.

Subject to stockholder approval, the Options will be granted to Mr Dodson, Mr Cheskin, Mr Condon, Mr Lichtwardt, Ms Peach and Mr Shalon on or shortly following the date of the Annual Meeting (17 May 2016) (and in any event, within 12 months after it).

The Options will be granted on the terms set out below, under the Plan.

The Board considers that the proposed grant of Options to Mr Dodson is aligned to the Company's longer-term performance objectives.

The Company recognises that its operations are currently at the development and initial commercialisation stage and that it is essential to attract and retain high calibre non-executive directors while closely monitoring cash flow. The Board considers that the grant of Options to its non-executive directors as part of their remuneration aligns their interests with the interests of the Company's stockholders. The proposed issue of the Options to the non-executive directors do not have performance hurdles or performance rights attached to them.

### Principal terms of the Options

If Item 3 and Items 4(a) to 4(e) are approved by stockholders, the Options to be issued to the directors will be issued on the following terms and conditions:

#### *Exercise Price*

The exercise price of the Options will be equal to the closing price of the Company's CDIs on ASX (multiplied by three for the per Share exercise price) on the date of the grant of the Options. Upon exercise, each option will entitle the optionee to one Share.

#### *Vesting conditions*

The vesting conditions for the Options will be as follows:

- For the Options to be issued to Mr Scott Dodson – The Options vest over 48 months from the date of grant, in equal monthly instalments.
- For the Options to be issued to Mr Barry Cheskin, Mr Dennis Condon and Mr Tadmor Shalon – the Options vest over 36 months from the date of grant, in equal monthly instalments.
- For the Options to be issued to Mr Gregory Lichtwardt and Ms Zita Peach – 1/3rd of the Options vest on the 12 month anniversary of the date of grant, and an additional 1/36th vest each month over the subsequent two-year period.

#### *Lapsing of Options*

The Options will lapse in circumstances where:

- i. the director is no longer providing services to the Company;
- ii. the Options have not been exercised by the tenth (10<sup>th</sup>) anniversary of the date of grant.

#### *Acceleration of Vesting upon a Change in Control*

Upon a change in control (as defined in the Plan), the unvested Options issued to Mr Barry Cheskin and Mr Scott Dodson shall vest as follows:

- (i) fifty (50) percent of their then unvested shares shall immediately vest and;
- (ii) the remainder of their unvested shares shall vest in equal portions over the succeeding twelve (12) months based on their continued provision of services to the Company.

The acceleration of vesting will not apply to any other directors.

#### **Source of shares**

At the discretion of the Board, the Shares required in connection with the Options may be provided either by issuing new Shares or by acquiring existing Shares.

#### **Other information required by ASX Listing Rule 10.15**

No securities have been issued to any director (or other persons referred to in ASX Listing Rule 10.14) under the Plan since the Company listed on the ASX in June 2015.

Mr Dodson, Mr Cheskin, Mr Condon, Mr Lichtwardt, Ms Peach and Mr Shalon have not received and will not receive any loan from the Company in connection with the grant or exercise of the Options.

The directors of the Company as at the date of this Notice, being Mr Scott Dodson, Dr Albert Cha, Mr Barry Cheskin, Mr Dennis Condon, Mr Tadmor Shalon and Ms Brigitte Smith, are all eligible to participate in the Plan. As set out in the introduction to Items 1(a) and 1(b) in the Explanatory Memorandum, Dr Cha and Ms. Smith will retire as Class 1 directors immediately prior to the Annual Meeting. If elected directors under Items 1(a) and 1(b), Mr Lichtwardt and Ms Peach will also be eligible to participate in the Plan.

#### **Board Recommendation and Chairman's voting intentions for Item 3 and Items 4(a) to 4(e)**

The directors (excluding with Mr Dodson, Mr Cheskin, Mr Condon and Mr Shalon abstaining in respect of their own proposed grant) unanimously recommend stockholders vote in favour of each of Items 3 and 4(a) to 4(e).

The Chairman of the meeting intends to vote undirected proxies **in favour** of each of these resolutions.

#### **Voting Exclusion for Item 3 and Items 4(a) to 4(e)**

Voting exclusions apply to Item 3 and Items 4(a) to 4(e) as set out in the Items of Business section of this document.

#### **OTHER BUSINESS**

The Company, being a company incorporated in the state of Delaware, United States, is not required to meet the Australian *Corporations Act 2001* (Cth) (**Corporations Act**) requirements to lay before the meeting the annual financial report and other related reports.

The Board of the Company has however decided to lay before the meeting the Company's financial statements and the reports for the year ended December 31, 2015.

The Corporations Act does not require a vote of stockholders on the reports or statements. However, the stockholders will be given ample opportunity to raise questions or comments in relation to the management of the Company.

Copies of the full financial report for consideration at the meeting can be accessed on the Company's website:

<http://www.airxpanders.com>

If a hard copy is preferred by the stockholder, please contact the share registry.

## **STATUS OF CDIS**

The CDIs are traded on ASX in reliance on the safe harbour provisions of Regulation S under the US Securities Act of 1933, as amended, and in accordance with the procedures established pursuant to the provisions of the no-action letter dated 7 January 2000 given to ASX by the staff of the US Securities and Exchange Commission. The relief was given subject to certain procedures and conditions described in the no-action letter. One of the conditions is that the issuer provides notification of the Regulation S status of its securities in securityholder communications such as this Notice of Annual Meeting.

## **LOCATION OF AIRXPANDERS, INC. ANNUAL MEETING OF STOCKHOLDERS**

Johnson Winter & Slattery  
Level 25, 20 Bond Street, Sydney, New South Wales, Australia  
on Tuesday, 17 May 2016  
at 9.00am Australian Eastern Standard Time  
(Monday, 16 May 2016 at 4.00pm U.S. Pacific Daylight Time).

Beneficial owners of Shares held in the form of CDIs or in street name by a broker, bank, trust or other nominee may need proof of ownership to be admitted to the meeting. A brokerage or holding statement or letter from the broker, bank, trust or other nominee are examples of proof of ownership.





AirXpanders, Inc.  
ABN 28 604 398 423

AXP

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

### Lodge your vote:



**Online:**  
[www.investorvote.com.au](http://www.investorvote.com.au)



**By Mail:**  
Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## CDI Voting Instruction Form

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Vote online or view the annual report, 24 hours a day, 7 days a week:

**[www.investorvote.com.au](http://www.investorvote.com.au)**

- ☒ **Cast your vote**
- ☒ **Access the annual report**
- ☒ **Review and update your securityholding**

#### Your secure access information is:

**Control Number: 999999**

**SRN/HIN: I9999999999**

**PIN: 99999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

**For your vote to be effective it must be received by 9:00am (AEST) on Friday, 13 May 2016**

### Direction to Chess Depositary Nominees Pty Ltd

Each CHESS Depositary Interest (CDI) represents an indirect ownership in the Company's shares of Class A common stock (Shares). Each CDI is equivalent to one third of a Share of the Company so that every three (3) CDIs that you own as at 7:00pm on 12 April 2016 (Australian Eastern Standard Time), 2:00am (US Pacific Daylight Time), entitle you to one (1) vote. The underlying Shares are registered in the name of CHESS Depositary Nominees Pty Ltd (CDN). As holders of CDIs are not the legal owners of the Shares, CDN is entitled to vote at the meetings of stockholders on the instruction of the registered holders of the CDIs.

### Appointment of Proxy

If you wish to attend the Meeting (defined overleaf) in person or appoint some person or company other than CDN, who need not be a stockholder, to attend and act on your behalf at the Meeting or any adjournment or postponement thereof, please insert your name or the name of your chosen appointee in the box in Step 2. Computershare will then send you a legal form of proxy which will grant you or the person specified by you the right to attend and vote at the Meeting. Please remember that a legal proxy is subject to all terms and conditions that apply to proxies as outlined in the Notice of Annual Meeting of Stockholders including any cut off time for receipt of valid proxies.

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the Australian registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Only duly authorised officer/s can sign on behalf of a company. Please sign in the boxes provided, which state the office held by the signatory, ie Sole Director, Sole Company Secretary or Director and Company Secretary. Delete titles as applicable. With respect to a U.S. company or other entity, this form may be signed by one officer. Please give full name and title under the signature.

**Comments & Questions:** If you have any comments or questions for the Company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE**   
**or turn over to complete the form**

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



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I ND

## CDI Voting Instruction Form

Please mark ☒ to indicate your directions

### STEP 1 CHESSE Depositary Nominees will vote as directed

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#### Voting Instructions to CHESSE Depositary Nominees Pty Ltd

I/We being a holder of CHESSE Depositary Interests (CDIs) of AirXpanders, Inc. (Company) hereby direct CHESSE Depositary Nominees Pty Ltd (CDN) to vote the shares underlying my/our CDI holding at the Annual Meeting of stockholders of the Company to be held at **9:00am (Australian Eastern Standard Time) on Tuesday, 17 May 2016 at Johnson Winter & Slattery, Sydney Office, Level 25, 20 Bond Street, Sydney, New South Wales, Australia (Meeting)** and at any adjournment or postponement of that Meeting, in accordance with the following directions. By execution of this CDI Voting Instruction Form the undersigned hereby authorises CDN to appoint such proxies or their substitutes in their discretion to vote in accordance with the directions set out below.

### STEP 2

If you wish to attend the Meeting in person or appoint some person or company other than CDN, who need not be a stockholder, to attend and act on your behalf at the Meeting or any adjournment or postponement thereof, please insert your name, or the name of your appointee, in this box.

Computershare will then send you a legal form of proxy which will grant you or the person specified by you the right to attend and vote at the Meeting. Please remember that the form of proxy is subject to all terms and conditions that apply to proxies as outlined in the Notice of Annual Meeting including any cut off time for receipt of valid proxies.

### STEP 3

**Voting Instructions - Voting instructions will only be valid and accepted by CDN if they are signed and received no later than 96 hours before the Meeting. Please read the instructions overleaf before marking any boxes with an X.**

	For	Abstain
Item 1(a) Election of Mr Gregory Lichtwardt as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>
Item 1(b) Election of Ms Zita Peach as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>

	For	Against	Abstain
Item 2 Approval of 10% Placement Facility	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Grant of Options to Mr Scott Dodson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4(a) Grant of Options to Mr Barry Cheskin	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4(b) Grant of Options to Mr Dennis Condon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4(c) Grant of Options to Mr Gregory Lichtwardt	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4(d) Grant of Options to Ms Zita Peach	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4(e) Grant of Options to Mr Tadmor Shalon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If you do not mark the "For", "Against" or "Abstain" box your vote will not be counted

### SIGN

**Signature of Securityholder(s)** *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

Contact  
Daytime  
Telephone

Date  /  /

A X P

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Computershare



▼ IF YOU HAVE NOT VOTED VIA THE INTERNET, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. ▼



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**Proxy — AirXpanders, Inc.**

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**To Be Held 4:00 p.m. May 16, 2016 (U.S. Pacific Daylight Time)**

**9:00 a.m. May 17, 2016 (Australian Eastern Standard Time)**

Mr Barry Cheskin and Mr Scott Dodson, or either of them, each with the power of substitution, are hereby authorized to represent and vote the shares of the undersigned, with all the powers which the undersigned would possess if personally present, at the Annual Meeting of Stockholders of AirXpanders, Inc. to be held on Monday, May 16, 2016 at 4:00 p.m. U.S. Pacific Daylight Time (Tuesday, May 17, 2016 at 9:00 a.m. Australian Eastern Standard Time), or at any postponement or adjournment thereof.

Shares represented by this Proxy Card will be voted by the proxies in accordance with the stockholder's instructions in this Proxy Card. If no such instructions are indicated, the proxies will have authority to vote in favor of (i.e., "FOR") Items 1(a) to 4(e). In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

(Items to be voted appear on reverse side.)