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AirXpanders issues Shareholder Newsletter

Palo Alto, CA, United States, 22 June 2016: AirXpanders Inc (ASX: AXP) a medical device company focused on the design, manufacture, sale and distribution of the AeroForm® tissue expander, has lodged its Shareholder Newsletter with the ASX today.

The newsletter is available in digital-only format. Those interested in receiving Company news each quarter should register at www.airxpanders.com/contact-us/.

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<i>Company</i>	<i>Investor relations</i>
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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.



Scott Dodson **CEO**

Highlights

- Capital raise of A\$20m completed
- Responses submitted to the FDA
- New Board and Senior Management appointments
- Manufacturing update – a closer look at our contract manufacturer Vention Medical
- Continued engagement with medical and investment community, strong performance at RACS 85th Annual Scientific Conference and two key European Meetings
- AirXpanders: News and Coverage

A message from the CEO

Dear investors,

You will be aware that we recently completed a successful capital raise of A\$20 million, by way of a private placement to institutional and sophisticated investors. As our investors are aware, since IPO the Company has made crucial investments to prepare for US commercial launch and transfer our manufacturing to Costa Rica. This capital raise ensures our balance sheet remains strong, as we continue to advance towards these major milestones. The support from our investors in this raise, is a strong show of confidence in AirXpanders and our ability to successfully commercialise the AeroForm® device.

A major milestone for both the company and our investors, will be achieving US Food & Drug Administration (FDA) clearance, allowing us to market the AeroForm device in the US. We previously reported that FDA had completed its first review of our de novo submission, and had provided the company with a range of questions. I am pleased to report that we have now submitted our complete response to the FDA, and await their next round of feedback. We anticipate a final decision could be handed down in Q4 2016.

We continue to enjoy an excellent response to the release of AeroForm in Australia. At the end of the March quarter we reported sales receipts of US\$135,000. We will be releasing our June quarter Appendix 4C, Quarterly Cash Flow report at the end of July 2016.

Over the past few months, we welcomed

new appointments to the Board of Directors and our Senior Management team.

I am pleased to report that Mr Gregory Lichtwardt and Ms Zita Peach were overwhelmingly appointed by stockholders as Independent Non-Executive Directors to the AirXpanders Board at the Company's Annual Meeting of Stockholders held in May. Mr Lichtwardt and Ms Peach both bring significant commercial and medical device experience and we are delighted to have Board members of their calibre.

I would like to acknowledge the valuable contribution of both Dr Albert Cha and Ms Brigitte Smith, who retired as Directors of AirXpanders' Board immediately prior to the Annual Meeting of Stockholders in accordance with the Board's long-term succession plans. We look forward to a continued relationship with them as representatives of our substantial stockholders, Vivo and GBS, respectively.

AirXpanders also recently announced two new members to its Senior Management team. The Company has appointed Mr Scott Murcay as Chief Financial Officer and Chief Operating Officer and Ms Gwen Drain as Senior Director of Human Resources.

During the quarter, AirXpanders continued its commitment to positively promote the AeroForm technology with our key stakeholders – being the medical community and the investment community. In addition to the Company's first Annual Meeting of Stockholders, AirXpanders presented to: the Royal College of Australasian Surgeons (RACS)

at their 85th Annual Scientific Conference; various new potential investors in Hong Kong and Australia; the Goldman Sachs small & mid cap conference; and Paris Breast Meeting and the European Association of Plastic Surgery (EURAPS) conferences in Europe.

Additionally, we are making excellent

progress in the automation of our manufacturing as we continue to work on the transfer of production to a contract manufacturing facility in Costa Rica. The facility is operated by Vention Medical one of the largest and most established medical device production companies in the world. The production transfer is due to be completed by the end of 2016

and will enable AirXpanders to quickly increase production capacity and improve gross margins, following commercial launch of our products in the US.

Yours sincerely,

Scott Dodson
CEO and President
AirXpanders Inc

AirXpanders announces new appointments to the Board of Directors and Senior Management

At the Company's first Annual Meeting of Stockholders held in May, two new independent Non-Executive Directors, Mr Gregory Lichtwardt and Ms Zita Peach, were appointed to the AirXpanders Board. Both Mr Lichtwardt and Ms Peach were elected overwhelmingly by stockholders and both bring significant commercial and medical expertise to the Company. Mr Lichtwardt will act as Chair of the Audit and Risk Committee and Ms Peach will act as Chair of the Nomination and Remuneration Committee.

Mr Lichtwardt previously held senior finance positions at Allergan, Ocular Sciences and Conceptus, and most recently held the position of Executive Vice President, Operations and Chief Financial Officer of NASDAQ-listed Accuray Incorporated (NASDAQ:ARAY). His executive career spans over 35 years and includes numerous leadership and senior finance roles within the medical device and pharmaceutical sector.

Ms Peach has more than 20 years of commercial experience and her most recent executive position was as Managing Director, Australia and New Zealand and Executive Vice President, South Asia Pacific for Fresenius Kabi (FWB:FRE), a

leading provider of medical devices and pharmaceutical products for hospitals. Ms Peach is also a Non-Executive Director at Starpharma Limited (ASX:SPL) and serves on the Board of Vision Eye Institute, 4Dx Pty Ltd, Bionic Vision Technologies Pty Ltd and Mt Buller and Mt Sterling Alpine Resorts Management Board.

Additionally, AirXpanders was pleased to announce in May two new additions to its leadership team. The Company has hired Scott Murcay as Chief Financial Officer and Chief Operating Officer, effective June 6, 2016, and Gwen Drain as Senior Director of Human Resources (as of March 2016). Mr Murcay will drive the operational direction of the organisation and serve as the Company's finance lead. Ms Drain will spearhead the company's ongoing recruiting efforts as the Company prepares for the U.S. commercial launch of the AeroForm product.

Scott and Gwen bring important leadership skills that will drive the planning and execution of our long-term growth strategies. We are delighted to have Scott and Gwen join our strong leadership team and contribute to the Company's success and drive to profitability.

Scott Murcay brings more than 20 years of financial experience to AirXpanders. Previously, he held senior finance and management roles at Nanometrics Incorporated, ZOLL Medical Corporation and VNUS Medical Technologies, among others. He has a broad background in managing finance and accounting, manufacturing operations, sales operations, customer service, IT and human resources. He has also led numerous rounds of debt and equity financings, as well as acquisitions and related integrations. Mr Murcay is a former audit manager of Arthur Andersen LLP. He is a CPA and holds a bachelor's degree in business administration from California Polytechnic State University.

Gwen Drain joined the AirXpanders team from Invuity, Inc., where she developed and managed the human resources strategy. Ms Drain has more than 20 years of experience in human resources, holding key positions at Abcam, PEAK Surgical and ArthroCare Corporation. She holds a bachelor's degree in human resources with a concentration in human resources management from Golden Gate University.

Vention Medical.... a leading global contract manufacturer

In preparation for full commercial release of AeroForm into the US market, AirXpanders is currently in the process of shifting our primary manufacturing line from our existing centre in Palo Alto, California to a certified contract manufacturer in Costa Rica. The Costa Rica manufacturing plant is owned and operated by a privately owned company called Vention Medical.

Vention Medical is FDA certified and is one of the largest medical device production companies in the world and a top seven supplier of medical devices to the US market.

Vention Medical has a long established history, commencing operations in New Jersey in 1979. Today, Vention Medical has 13 manufacturing locations across

the US, Central America, Ireland and Israel with its Costa Rica plant representing its largest manufacturing operation. The Costa Rica plant commenced operations in 2004 and houses state of the art medical engineering and production technology in a 200,000 square feet facility. Costa Rica is an established and well accepted producer of Class I to Class III medical devices, serving markets globally.

Outsourcing of the majority of AirXpanders production will be an important driver of improving gross margins in the future for the Company. Vention Medical will be provided with a highly automated process by AirXpanders and will have the capacity to produce at volumes to support commercialization in the US at a much lower cost.

AirXpanders will maintain a small manufacturing capability at its original manufacturing location in Palo Alto, California as well.

The restructuring of AirXpanders manufacturing process is being overseen by Tony Morefield, Vice President of Operations. Mr Morefield has extensive experience in transitioning innovative technologies through late stage development into full scale manufacturing. He most recently held the position of Senior Director of Manufacturing and Engineering at Avantis Medical Systems, where he was responsible for advancing operations during the course of clinical studies and into full commercialization and through the eventual transition to off-shore manufacturing.



AirXpanders: News and coverage

Cannaccord, More Gas in the Tank

BUY recommendation

June 8, 2016

CommSec Executive Series Interview

May 18, 2016

<http://bit.ly/1TxhZJC>



FDA approval in Q4 2016

BUY recommendation

April 27, 2016

Moelis & Company, Expanding Opportunities

Initiation of Coverage report, BUY recommendation

January 28, 2016



Strong performance at Royal College of Australasian Surgeons conference & European Meetings

AirXpanders was invited to participate at the recent Royal Australian College of Surgeons (RACS) 85th Annual Scientific Congress (ASC), held in Brisbane in May.

This was a significant opportunity for the Company to engage with key Plastic Surgeons and Breast Surgeons, surgical trainees and other health professionals and educate them of the benefits of the AeroForm technology. The ASC was well attended and attracted over 2,000 registrants.

AirXpanders sponsored the Oncoplastic Breast Surgery Workshop organised by BreastsurgANZ, the society for breast surgeons in Australia and New Zealand. Many of the conference participants were already experienced with AeroForm however there were also newer participants who benefited from a more detailed workshop on the AeroForm technology. The overwhelming feedback from conference participants was strong and provided good validation of the ease of use of the AeroForm technology for both patients and practitioners.

In Europe, the Company attended the Paris Breast meeting where Dr. Jeffrey Ascherman, M.D., Chief of Plastic Surgery at Columbia Presbyterian Medical Center in New York, NY presented his experience with the AeroForm technology as the Principal Investigator for the XPAND trial. Additionally, the Company attended the EURAPS European Plastic and Reconstruction meeting in Brussels to begin identifying thought leaders who will be among the first to use the technology in that important region.