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ASX ANNOUNCEMENT

RELEASE OF SECURITIES FROM ESCROW

PALO ALTO, United States, 26 May 2016: AirXpanders Inc., (ASX:AXP) (**AirXpanders** or **Company**) a medical device company focused on the design, manufacture, sale and distribution of the AeroForm® tissue expander, advises that in connection with the Company's quotation on the Australian Securities Exchange on 22 June 2015, particular security holders of the Company were required to enter into voluntary and ASX-imposed escrow agreements. The voluntary and ASX-imposed escrow agreements provided that the relevant security holders would be restricted from dealing in their securities for variable escrow periods of up to 24 months from the date of quotation of the Company's CHESS Depositary Interests (**CDIs**) on the ASX.

Accordingly, pursuant to ASX Listing Rule 3.10A, the Company advises that the following securities of the Company are due for release from voluntary escrow at the end of 18 June 2016:

- 32,324,172 fully paid shares in the Class A common stock of the Company (**Shares**) (equivalent to 96,972,516 CHESS Depositary Interests);
- 2,079,117 CDIs (equivalent to 693,039 Shares);
- 343,324 options to subscribe for Shares (equivalent to 1,029,971 CDIs); and
- 111,117 warrants to subscribe for Shares (equivalent to 333,351 CDIs).

-ENDS-

For more information:

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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 (CO_2) 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.