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3 August 2018

Dear Optionholder of AirXpanders, Inc.

AirXpanders, Inc. Rights Offering – notice to optionholders

This letter is to notify you that AirXpanders, Inc. ARBN 604 398 423 (ASX: AXP) (**AirXpanders** or the **Company**) today announced an underwritten pro rata, non-renounceable rights offering of 208,893,798 new CHESS Depository Interests (**New CDIs**) (representing approximately 69,631,266 new fully paid shares of Class A Common Stock in AirXpanders), at an issue price of A\$0.075 per New CDI to raise up to approximately A\$15.7 million (before costs and expenses) (**Rights Offering**).

Under the Rights Offering, stockholders and holders of CDIs in the Company who will be eligible to participate in the Rights Offering (described below) 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 held) as at 7.00pm (AEST) on Wednesday, 8 August 2018 (**Record Date**).

The Rights Offering will be made to all persons who are registered as holders of AirXpanders' Class A Common Stock or CDIs at 7.00pm (AEST) on the Record Date, with a registered address in Australia or New Zealand (**Eligible Holders**). Stockholders and CDI holders with a registered address outside Australia and New Zealand, or 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, are considered ineligible and cannot participate in the Rights Offering.

As an optionholder you are not entitled to participate in the Rights Offering in respect of the options you hold. The purpose of this letter is to give you notice of the Record Date.

For you to participate in the Rights Offering, you must exercise any options (subject to the terms of the options) and be registered as an Eligible Holder before 7.00 pm (AEST) on the Record Date. If you do not wish to participate in the Rights Offering, no action is required. If you hold stock options under the Company's 2015 Equity Incentive Plan, the exercise price of your stock options will be adjusted in accordance with ASX Listing Rule 6.22.2. Once determined, the adjusted exercise price will be notified to ASX.

A registration statement relating to the Rights Offering (which includes a preliminary U.S. Prospectus) has been filed with the United States Securities and Exchange Commission but has not yet become effective. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. To obtain a written copy of the final U.S. Prospectus, when available, or Australian Offer Booklet, please call 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. The U.S. prospectus is not a prospectus or other disclosure document for the purposes of Chapter 6D of the Corporations Act 2001 (Cth) and has not been lodged with the Australian Securities and Investments Commission.

You should carefully consider your personal circumstances and the offer terms before deciding to exercise your options. If you are unsure what action you should take or have any questions about the Rights Offering, you should contact your stockbroker, accountant or other professional adviser.

Yours faithfully

A handwritten signature in black ink, appearing to read "B. Case", written over a horizontal line.

Brendan Case
Company Secretary