INSPIREMD, INC.

FORM 8-K
(Current report filing)

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 31, 2011

InspireMD, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware	333-162168	26-2123838
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

3 Menorat Hamor St. Tel Aviv, Israel 67448	N/A
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 972-3-6917691

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4 (c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.01 Completion of Acquisition or Disposition of Assets.

Share Exchange

On December 29, 2010, InspireMD, Inc., a Delaware corporation (formerly known as Saguaro Resources, Inc.) (the "Company") entered into a Share Exchange Agreement (the "Exchange Agreement") by and among the Company and InspireMD Ltd., a company incorporated under the laws of the State of Israel ("InspireMD"). Subsequent to the date of execution of the Exchange Agreement, shareholders of InspireMD, holding 91.7% of InspireMD's issued and outstanding ordinary shares, executed a joinder to the Exchange Agreement and became parties thereto (the "InspireMD Shareholders"). Pursuant to the Exchange Agreement, on March 31, 2011, the InspireMD Shareholders transferred all of their ordinary shares in InspireMD to the Company in exchange for 46,471,907 newly issued shares of common stock of the Company. In addition, the remaining holders of InspireMD's ordinary shares separately transferred all of their ordinary shares of InspireMD to the Company, in exchange for an aggregate of 4,194,756 newly issued shares of common stock of the Company. As a result of these share exchanges, InspireMD became a wholly owned subsidiary of the Company.

Pursuant to the terms and conditions of the Exchange Agreement:

- The InspireMD Shareholders transferred 5,725,962 ordinary shares of InspireMD (which represented 91.7% of InspireMD's issued and outstanding capital stock immediately prior to the closing of the Share Exchange) to the Company in exchange for 46,471,907 shares of the Company's common stock. Separately, the holders of 516,792 ordinary shares of InspireMD transferred such shares to the Company in exchange for 4,194,756 shares of the Company's common stock (collectively, the "Share Exchange").

- The Company assumed all of InspireMD's obligations under InspireMD's outstanding stock options. Immediately prior to the Share Exchange, InspireMD had outstanding stock options to purchase an aggregate of 937,256 shares of its ordinary shares, which outstanding options became options to purchase an aggregate of 7,606,770 shares of common stock of the Company after giving effect to the Share Exchange. Neither the Company nor InspireMD had any other options to purchase shares of capital stock outstanding immediately prior to the closing of the Share Exchange.

- Three-year warrants to purchase up to 125,000 ordinary shares of InspireMD at an exercise price of $10 per share were assumed by the Company and converted into warrants to purchase 1,014,500 shares of the Company's common stock at an exercise price of $1.23 per share.

- Lynn Briggs resigned as the sole officer and director of the Company, and simultaneously with the Share Exchange, a new board of directors and new officers were appointed for the Company. The Company's new board of directors consists of Ofir Paz and Asher Holzer. In addition, immediately following the Share Exchange, the Company appointed Ofir Paz as its chief executive officer, Asher Holzer as its president and chairman of the board of directors, and Craig Shore as its chief financial officer, secretary and treasurer.

In connection with the closing of the Share Exchange, the Company sold 6,454,002 shares of its common stock at a purchase price of $1.50 per share and five-year warrants to purchase up to 3,226,999 shares of common stock at an exercise price of $1.80 per share in a private placement to accredited investors (the "Private Placement"). As part of the Private Placement, certain holders of the 8% convertible debentures, in an aggregate principal amount of $1,580,000 (the "Bridge Notes"), surrendered $667,596 of outstanding principal and interest due under such Bridge Notes in exchange for 445,064 shares of common stock and warrants to purchase an aggregate of 225,532 shares of common stock (the "Debt Conversions"). As a result, the Company received aggregate cash proceeds of $9,013,404 in the Private Placement. The Company, however, permitted one investor in the Private Placement to deliver only $1,000,000 of its $2,000,000 subscription amount to the Company, so long as such investor agreed to deliver the additional $1,000,000 on or prior to April 15, 2011. The unfunded subscription amount for this investor is not included in the amounts listed above. In addition, as a result of the Debt Conversions, there was $1,000,000 of unpaid principal outstanding under the Bridge Notes, which notes were assumed by the Company with the maturity date being extended to May 15, 2011.

Palladium Capital Advisors, LLC served as the Company's placement agent in the Private Placement and received a fee of $285,813.50, expenses reimbursement of $15,000 and was issued a five-year warrant to purchase 373,740 shares of our common stock, at an initial exercise price of $1.80 per share, with terms identical to the warrants issued to investors in the Private Placement.

Immediately following the closing of the Share Exchange and the Private Placement, under the terms of an Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations (the "Conveyance Agreement"), the Company transferred all of its pre-Share Exchange assets and liabilities to its wholly owned subsidiary, Saguaro Holdings, Inc., a Delaware corporation ("SplitCo"). Thereafter, pursuant to a stock purchase agreement (the "Stock Purchase Agreement"), the Company transferred all of the outstanding capital stock of SplitCo to Lynn Briggs in exchange for certain indemnifications, waivers and releases, along with the cancellation of an aggregate of 7,500,000 shares of the Company's common stock held by Lynn Briggs (the "Split-Off"), leaving 6,000,000 shares of the Company's common stock outstanding held by persons who were stockholders of the Company prior to the Share Exchange.

In connection with the Share Exchange, the Company also entered into a stock escrow agreement with certain stockholders and Grushko & Mittman, P.C. (the "Stock Escrow Agent"), pursuant to which these stockholders deposited 1,500,000 shares of common stock held by them with the Stock Escrow Agent, which shares shall be released to the Company for cancellation or surrender to an entity designated by the Company should the Company record at least $10 million in consolidated revenue, as certified by the Company's independent auditors, during the first 12 months following the closing of the Private Placement, yet fail, after a good faith effort, to have the Company's common stock approved for listing on a national securities exchange. On the other hand, should the Company fail to record at least $10 million in consolidated revenue during the first 12 months following the closing of the Private Placement or have its common stock listed on a national securities exchange within 12 months following the closing on the Private Placement, these escrowed shares shall be released back to the stockholders.

The foregoing description of the Share Exchange and related transactions does not purport to be complete and is qualified in its entirety by reference to the complete text of the (i) Exchange Agreement, which is filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on January 5, 2011, (ii) the Conveyance Agreement, which is filed as Exhibit 10.3 hereto and (iii) the Stock Purchase Agreement, which is filed as Exhibit 10.4 hereto, each of which is incorporated herein by reference.

The foregoing description of the Private Placement and related transactions does not purport to be complete and is qualified in its entirety by reference to the complete text of the (i) Securities Purchase Agreement, which is filed as Exhibit 10.5 hereto and (ii) the Form of $1.80 Warrant, which is filed as Exhibit 10.6 hereto, each of which is incorporated herein by reference.

Following (i) the closing of the Share Exchange, (ii) the closing of the Private Placement for $9,013,404, (iii) the conversion of $667,596 of the Bridge Notes and (iv) the cancellation of 7,500,000 shares of the Company's common stock in the Split-Off, there were 63,120,665 shares of common stock of the Company issued and outstanding. Approximately 80.3% of such issued and outstanding shares were held by the InspireMD Shareholders, approximately 9.5% were held by the Company's stockholders prior to the Share Exchange and approximately 10.2% were held by the investors in the Private Placement. The foregoing percentages exclude options to purchase up to 9,468,100 shares of common stock reserved for issuance under the Company's equity incentive plan and warrants and other options to purchase up to 7,939,925 shares of common stock (see "Description of Capital Stock").

The shares of the Company's common stock issued to the InspireMD Shareholders in connection with the Share Exchange and the shares of common stock issued to the investors in the Private Placement were not registered under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act and Regulation D promulgated under that section, which exempts transactions by an issuer not involving any public offering. These securities may not be offered or sold in the U.S. absent registration or an applicable exemption from the registration requirements. Certificates representing these shares contain a legend stating the restrictions applicable to such shares.

Changes to the Business . The Company intends to carry on InspireMD's business as its sole line of business. The Company has relocated its executive offices to 3 Menorat Hamor St. Tel Aviv, Israel and its telephone number is 972-3-6917691.

Changes to the Board of Directors and Executive Officers . Upon the closing of the Share Exchange, the size of the Company's board of directors was increased from one director to two directors, Lynn Briggs resigned as the sole officer and director of the Company and Ofir Paz and Asher Holzer were appointed to the Company's board of directors. Following the Share Exchange, Ofir Paz was appointed as the Company's chief executive officer, Asher Holzer was appointed as the Company's president and chairman of the board of directors, and Craig Shore was appointed as the Company's chief financial officer, treasurer and secretary.

All directors hold office for three-year terms until the election and qualification of their successors. Officers are elected by the board of directors and serve at the discretion of the board.

Accounting Treatment . The Share Exchange is being accounted for as a recapitalization. InspireMD is the acquirer for accounting purposes and, consequently, the assets and liabilities and the historical operations that are reflected in the financial statements herein are those of InspireMD and will be recorded at the historical cost basis of InspireMD.

Tax Treatment . The Share Exchange is intended to constitute a tax-deferred exchange of property governed by Section 351 of the United States Internal Revenue Code of 1986, as amended (the "Code"), or such other tax free reorganization or restructuring provisions as may be available under the Code. Any gain required to be recognized will be subject to regular individual or corporate federal income taxes, as the case may be.

Description of Our Company

The Company was incorporated on February 29, 2008 in the State of Delaware to engage in the acquisition, exploration and development of natural resource properties. On March 28, 2011, the Company effectuated a 1-for-3 forward stock split and changed its name from "Saguaro Resources, Inc." to "InspireMD, Inc." Immediately following the Share Exchange, the assets and liabilities of the Company that existed prior to the Share Exchange were disposed of pursuant to the Split-Off. In addition, following the Share Exchange, the Company succeeded to the business of InspireMD as its sole line of business.

Description of Our Business

As used in this Current Report on Form 8-K, all references to "we," "our" and "us" for periods prior to the closing of the Share Exchange refer to InspireMD Ltd., and for periods subsequent to the closing of the Share Exchange refer to InspireMD, Inc. and its direct and indirect subsidiaries (including InspireMD Ltd).

Overview

We are an innovative medical device company focusing on the development and commercialization of our proprietary stent platform technology, MGuard™. MGuard™ provides embolic protection in stenting procedures by placing a micron mesh sleeve over a stent (see photograph below of an MGuard™ Stent). Our initial products are marketed for use in patients with acute coronary syndromes, notably acute myocardial infarction (heart attack) and saphenous vein graft coronary interventions (bypass surgery). Of patients with acute myocardial infarction and saphenous vein graft coronary interventions, approximately 15% and 43%, respectively, experience major adverse cardiac events, including cardiac death, heart attack, and restenting of the artery. When performing stenting procedures in patients with acute coronary symptoms, interventional cardiologists face a difficult dilemma in choosing between bare-metal stents, which have a high rate of restenosis (formation of new blockages), and drug-eluting (drug-coated) stents, which have a high rate of late thrombosis (formation of clots months or years after implantation), require administration of anti-platelet drugs for at least one year post procedure, are more costly than bare-metal stents and have additional side effects. We believe that MGuard™ is a simple, seamless and complete solution for these patients. In clinical trials conducted in Europe and Latin America, MGuard™ has demonstrated a substantial advantage in efficacy and safety over other existing solutions, principally bare-metal stents and drug-eluting stents.

MGuard ™ Sleeve – Microscopic View

We intend to use our MGuard™ technology in a broad range of coronary related situations in which complex lesions are required and make it an industry standard for treatment of acute coronary syndromes. We believe that patients will benefit from a cost-effective alternative with a greater clinical efficacy and safety profile than other stent technologies. We believe that with our MGuard™ technology, we are well positioned to emerge as a key player in the global stent market.

We also intend to apply our technology to develop additional products used for other vascular procedures, specifically carotid (the arteries that supply blood to the brain) and peripheral (other arteries) procedures.

In October 2007, our first generation product, the MGuard™ Coronary, received CE Mark approval for treatment of coronary arterial disease in the European Union. CE Mark is a mandatory conformance mark on many products marketed in the European Economic Area and certifies that a product has met EU consumer safety, health or environmental requirements. We began shipping our product to customers in Europe in January 2008 and have since expanded our global distribution network to Canada, Southeast Asia, India and Latin America.

Our initial MGuard™ products incorporated a stainless steel stent. We are in the process of replacing this stainless steel platform with a more advanced cobalt-chromium based platform, which we refer to as MGuard Prime™. We believe the new platform will be superior because cobalt-chromium stents are generally known in the industry to provide better outcomes and possibly even a reduction in major adverse cardiac events. We believe we can use and leverage the MGuard™ clinical trial results to market MGuard Prime™. MGuard™ refers to both our initial products and MGuard Prime™, as applicable.

InspireMD is incorporated as a limited company under the laws of the State of Israel and principally based in Tel Aviv, Israel. InspireMD was formed and began operations in 2005. InspireMD became a subsidiary of InspireMD, Inc., a Delaware corporation, on March 31, 2011, as a result of the Share Exchange. In addition, we operate through Inspire MD GmbH, our subsidiary in Germany, where we manufacture our stents by way of a sub-contractor agreement.

Our Industry

According to a 2007 World Health Organization report, approximately 7.2 million people worldwide died of coronary heart disease in 2002. Physicians and patients may select from among a variety of treatments to address coronary artery disease, including pharmaceutical therapy, balloon angioplasty, stenting with bare metal or drug-eluting stents, and CABG procedures, with the selection often depending upon the stage of the disease. A stent is an expandable “scaffold-like” device, usually constructed of a stainless steel material, that is inserted into an artery to expand the inside passage and improve blood flow.

The market for coronary stents is one of the fastest growing markets in the medical devices industry. After registering a compounded annual growth rate from 2002 to 2009 of approximately 13%, the revenues from global coronary stents market is predicted to remain relatively constant, although in volume of stents the market is predicted to continue to grow. The growth in volume is due to the appeal for less invasive percutaneous coronary intervention procedures and advances in technology coupled with the increase in the elderly population, obesity rates and advances in technology.

Coronary artery disease is one of the leading causes of death worldwide. The treatment of coronary artery disease includes alternative treatment methodologies, that is, coronary artery bypass grafting or angioplasty (percutaneous coronary intervention) with or without stenting. The percutaneous coronary intervention procedures involving drug-eluting stents are being increasingly used to treat complex coronary artery diseases with an almost 65% penetration rate in 2009.

Our Products

The MGuard ™ stent is an embolic protection device based on a protective sleeve, which is constructed out of an ultra-thin polymer mesh and wrapped around the stent. The protective sleeve is comprised of a micron level fiber-knitted mesh, engineered in an optimal geometric configuration and designed for utmost flexibility while retaining strength characteristics of the fiber material (see illustration below). The sleeve expands seamlessly when the stent is deployed, without affecting the structural integrity of the stent, and can be securely mounted on any type of stent.

MGuard ™ Deployed in Artery

The protective sleeve provides several clinical benefits:

- given its wide surface coverage of the stent, the mesh diffuses the pressure and the impact on deployment exerted by the stent on the arterial wall and reduces the injury to the vessel and the rate of restenosis;
- it prevents plaque dislodgement and blocks debris from entering the bloodstream during and post procedure (called embolic showers);
- when drug coated, the mesh delivers better coverage and uniform drug distribution on the arterial wall and therefore should reduce the dosage of the active ingredient when compared to approved drug-eluting stents on the market;
- it promotes smooth and stable endothelial cell growth, which is essential for prompt healing and reduces the risk of cell detachment that causes late thrombosis; and
- it maintains the standards of a conventional stent and therefore should require little to no additional training by doctors.

MGuard ™ – Coronary Applications

Our MGuard ™ Coronary with a bio-stable mesh and our MGuard ™ Coronary with a drug-eluting mesh are aimed at the treatment of coronary arterial disease. They are described below.

MGuard ™ Coronary and MGuard Prime™ with a bio-stable mesh. Our first MGuard ™ product, the MGuard ™ Coronary with a bio-stable mesh, is comprised of our mesh sleeve wrapped around a bare-metal stent. It received CE Mark approval in October 2007 and in January 2008, we started shipping this product to customers and distributors in Europe. MGuard Prime™ with a bio-stable mesh is comprised of our mesh sleeve wrapped around a cobalt-chromium stent. In comparison to a conventional bare-metal stent, we believe the MGuard ™ Coronary and MGuard Prime™ with a bio-stable mesh reduce the rate of restenosis and provide protection from embolic showers. In comparison to a standard drug-eluting stent, we believe the MGuard ™ Coronary and MGuard Prime™ with a bio-stable mesh are more cost effective, as they eliminate the need for anti-platelet drugs such as Plavix, and reduce the risk of late thrombosis.

MGuard ™ Coronary with a drug eluting mesh. We anticipate that the MGuard ™ Coronary with a drug-eluting mesh will offer an enhanced clinical profile compared to existing drug-eluting stents. We expect that it will provide enhanced bio-absorbability in comparison to current drug-eluting stents, and more even and uniform drug therapy management. Therefore, once the sleeve is drug infused, the drug would be distributed more uniformly on the vessel wall. Consequently, the total dosage of the medication potentially can be reduced while increasing its efficacy. MGuard ™ Coronary with a drug-eluting mesh is expected to promote smooth and stable endothelial cell growth and subsequent attachment to the lumen of the vessel wall, which is essential for rapid healing and recovery. In addition, we believe drug-eluting mesh may enable the use of more effective drug therapies that presently cannot be effectively coated on a metal-based stent due to their poor diffusion capabilities.

MGuard ™ – Carotid Applications

We intend to market our mesh sleeve coupled with a self-expandable stent (a stent that expands without dilation pressure or need of an inflation balloon) for use in carotid applications. According to leading surgeons, embolic protection is critical in all carotid procedures. We believe that our MGuard ™ design will provide substantial advantages over existing therapies in treating carotid artery stenosis (blockage or narrowing of the carotid arteries), like conventional carotid stenting and endarterectomy (surgery to remove blockage) given the superior embolic protection characteristics witnessed in coronary arterial disease applications. In addition, we believe that MGuard ™ Carotid will provide post-procedure protection against embolic dislodgement, which can occur immediately after a carotid stenting procedure and is often a source of post-procedural strokes. Studies have also shown that approximately half of the incidents of embolic showers associated with carotid stenting occur immediately post-procedure.

MGuard ™ – Peripheral Applications

We intend to market our mesh sleeve coupled with a self-expandable stent (a stent that expands without dilation pressure or need of an inflation balloon) for use in peripheral applications. Peripheral Artery Disease (“PAD”), also known as peripheral vascular disease, is usually characterized by the accumulation of plaque in arteries in the legs and resulting in strokes, heart attacks, need for amputation of affected joints or even death, when untreated. PAD is treated either by trying to clear the artery of the blockage, or by implanting a stent in the affected area to push the blockage out of the way of normal blood flow.

The PAD market consists of three segments: Aortic Aneurysm, Renal, Iliac and Bilary, and Femoral-Popliteal procedures. Aortic Aneurysm is a condition in which the aorta, the artery that leads away from the heart, develops a bulge and is likely to burst. This condition often occurs below the kidneys, in the abdomen. Renal, Iliac and Bilary procedures refer to stenting in the kidney, iliac arteries (which supply blood to the legs) and liver, respectively. Femoral-Popliteal procedures involve stenting in vessels in the legs.

As in carotid procedures, peripheral procedures are characterized by the necessity of controlling embolic showers both during and post-procedure. Controlling embolic showers is so important in these indications that physicians often use covered stents, at the risk of blocking branching vessels, to ensure that emboli does not fall into the bloodstream. We believe that our MGuard ™ design will provide substantial advantages over existing therapies in treating peripheral artery stenosis (blockage or narrowing of the peripheral arteries).

Product Development and Critical Milestones

Below is a list of the products described above and our projected critical milestones with respect to each. As used below, "Q" stands for our fiscal quarter. While we currently anticipate seeking approval from the U.S. Food and Drug Administration (the "FDA") for all of our products in the future, we have only outlined a timetable to seek FDA approval for our MGuard ™ Coronary plus with bio-stable mesh product in our current business plan.

Product	Indication	Start Development	CE Mark	EU Sales	FDA Approval	U.S. Sales
MGuard™ Coronary Plus Bio-Stable Mesh	Bypass/ Coronary	2005	Oct. 2007	Q1-2008	Q2-2014	Q3-2014
MGuard™ Peripheral Plus Bio-Stable Mesh	Peripheral Arteries	Q1-2011	Q3-2011	Q4-2011	Not applicable	Not applicable
MGuard™ Carotid Plus Bio-Stable Mesh	Carotid Arteries	Q1-2011	Q1-2011	Q2-2011	Not applicable	Not applicable
MGuard™ Coronary Plus Bio-Absorbable Drug-Eluting Mesh	Bypass/ Coronary	Q1-2013	Q3-2016	Q4-2016	Not applicable	Not applicable

Pre-Clinical Studies

We performed laboratory and animal testing as well as supportive human clinical trials prior to submitting an application for CE Mark approval for our MGuard ™ Coronary with bio-stable mesh. We also performed all CE Mark required mechanical testing of the stent. We conducted pre-clinical trials at Harvard and MIT Biomedical Engineering Center BSET lab in 2005 and 2006. In these trials, on average, the MGuard ™ Coronary with bio-stable mesh resulted in a 7.5% lower restenosis rate than control bare-metal stents and generally had more effective and safer results. Analysis also indicated that the mesh produced lower levels of inflammation than standard bare metal stents.

The table below describes our completed and planned pre-clinical trials.

Product	Stent Platform	Approval Requirement	Start of Study	End of Study
MGuard ™ Coronary	Bare-Metal Stent Plus Bio-Stable Mesh	CE Mark (EU+Rest of World)	Q4-2006	Q3-2007
	Drug-Eluting Mesh (Bare-Metal Stent Plus Drug-Eluting Mesh)	CE Mark (EU+ Rest of World)	Q1-2011	Q2-2011
		FDA (U.S.)	Q4-2012	Q4-2014
	Cobalt-Chromium Stent Plus Bio-Stable Mesh	FDA	Q1-2011	Q4-2011
MGuard ™ Peripheral/Carotid	Self Expending System Plus Mesh	CE Mark (EU+ Rest of World)	Q1-2011	Q3-2011
MGuard ™ Carotid	Self Expending System Plus Mesh	FDA (U.S.)	Peripheral information on animals can be used	

Clinical Trials

The table below describes our completed and planned clinical trials.

Product	Stent Platform	Clinical Trial Sites	Follow-up Requirement	Objective	Study Status			
					No. of Patients	Start	End Enrollment	End of Study
MGuard ™ Coronary	Bare-Metal Stent Plus Bio-Stable Mesh	Germany – two sites	12 months	Study to evaluate safety and performance of MGuard ™ system	41	Q4-2006	Q4- 2007	Q2-2008
		Brazil – three sites	12 months		30	Q4-2007	Q1-2008	Q2-2009
		Poland – four sites	6 months		60	Q2-2008	Q3-2008	Q2-2009
		International MGuard ™ Observational Study - Europe - 50 sites	12 months		1,000	Q1-2008	Q4-2008	Q4-2010
		International MGuard ™ Observational Study - Israel - 10 sites	6 months		100	Q2-2008	Q4-2009	Q1-2010
		Master randomized control trial - 7 countries, 40 centers in Latin America and Europe	8-12 months		410	Q1-2011	Q4-2011	Q4-2012
		FDA Study - 40 sites, U.S. and out of U.S.	12 month	Pilot study to evaluate safety and performance of MGuard ™ system for FDA and CE Mark approval	580	Q1-2012	Q3-2013	Q4-2013
	Drug-Eluting Stent (Bare-Metal Stent + Drug Eluting Mesh)	South America and Europe – 10 sites	8-12 months	Pilot study to evaluate safety and performance of MGuard ™ system for FDA and CE Mark approval	500	Q2-2011	Q2-2012	Q1-2013
		U.S. – 50 sites	12 months		2,000	Q1-2013	Q1-2014	Q4-2014
		Rest of World as a registry study	8-12 months	Evaluation of safety and efficacy for specific indications	400	Q2-2011	Q4-2011	Q4-2012

Product	Stent Platform	Clinical Trial Sites	Follow-up Requirement	Objective	Study Status			
					No. of Patients	Start	End Enrollment	End of Study
MGuard ™ Peripheral	Self Expanding System + Mesh	South America and Europe – four sites	12 months	Pilot study to evaluate safety and performance of MGuard ™ system for FDA and CE Mark approval	50	Q3-2011	Q3-2012	Q4-2014
		South America and Europe – six sites	6 months		150	Q2-2010	Q4-2010	Q2-2011
MGuard ™ Carotid	Self Expanding System + Mesh	U.S. – 50 sites	6-8 months		500	Q3-2011	Q4-2012	Q2-2013
		Rest of World as a registry study	6 months	Evaluation of safety and efficacy for specific indications	200	Q3-2010	Q3-2011	Q1-2012

Completed Clinical Trials for MGuard ™ Coronary Bare-Metal Stent Plus Bio-Stable Mesh

As shown in the table above, we have completed five clinical trials with respect to our MGuard ™ Coronary with bio-stable mesh. Our first study, conducted at two centers in Germany, included 41 patients with either saphenous vein graft coronary interventions or native coronary lesions treatable by a stenting procedure (blockages where no bypass procedure was performed). The MGuard ™ Coronary rate of device success, meaning the stent was successfully deployed in the target lesion, was 100% and the rate of procedural success, meaning there were no major adverse cardiac events prior to hospital discharge, was 95.1%. At six months, only one patient (2.5% of participants) had myocardial infarction and 19.5% of participants had target vessel revascularization (an invasive procedure required due to a stenosis in the same vessel treated in the study). This data supports MGuard ™ 's safety in the treatment of vein grafts and native coronary legions.

Our clinical trials in Brazil and Poland were conducted under leading cardiologists. Our study in Brazil included 30 patients who were candidates for a percutaneous coronary intervention (angioplasty) due to narrowing of a native coronary artery or a bypass graft. In all patients, the stent was successfully deployed with perfect blood flow parameters (the blood flow parameter is a measurement of how fast the blood flows in the arteries and the micro circulation system in the heart). There were no major cardiac events at the time of the follow-up 30 days after the deployment of the stents.

The study in Poland included 60 patients with acute ST-segment elevation myocardial infarction (the most severe form of a heart attack, referred to as "STEMI"). The purpose of the study was to confirm the clinical performance of MGuard ™ Coronary with bio-stable mesh when used in STEMI patients where percutaneous coronary intervention is the primary line of therapy. Perfect blood flow in the artery was achieved in 90% of patients, perfect blood flow into the heart muscle was achieved in 73% of patients and complete restoration of electrocardiogram normality was achieved in 61% of patients. The total major adverse cardiac events rate during the six-month period following the deployment of the stents was 1.7%.

Ongoing Clinical Trials for MGuard ™ Coronary Bare-Metal Stent Plus Bio-Stable Mesh

Our ongoing observation study in Europe is an open registry launched in the first fiscal quarter of 2009. This registry is expected to enroll up to 1,000 patients and is aimed at establishing the performance of MGuard ™ Coronary with bio-stable mesh in a "real world" population. To date, the primary countries to join are Austria, Czech Republic and Hungary. The primary endpoint that this registry will evaluate is the occurrence of major adverse cardiac events at six months following deployment of the stent, and the clinical follow-up will continue for a period of up to one year per patient. As of February 28, 2011, 632 patients of the prospective 1,000 have been enrolled in 18 sites.

Our ongoing observational study in Israel is an open registry launched in the fourth fiscal quarter of 2009. This registry is expected to enroll up to 100 patients. The purpose of this study is to support local Israeli regulatory approval. The primary endpoint that this registry will evaluate is the occurrence of major adverse cardiac events at 30 days following deployment of the stent, and the clinical follow-up will be conducted at six months following deployment of the stent. As of February 28, 2011, 62 patients of the prospective 100 have been enrolled.

In the third fiscal quarter of 2010, we launched a Brazilian registry to run in 25 Brazilian sites and enroll 500 patients. The primary endpoint that this registry will evaluate is the occurrence of major adverse cardiac events at six months following the deployment of the stent, and the clinical follow-up will continue for a period of up to one year per patient. As of February 28, 2011, 3 patients of the prospective 500 have been enrolled.

Comparison of Clinical Trial Results to Date with Results Achieved Using Bare Metal Stents Alone

We conducted a meta-analysis of data from the completed trials in Germany, Brazil and Poland and the worldwide registry with respect to saphenous vein graft and STEMI patients in comparison to data contained in published reports on regular bare-metal stent performance in comparable patients. Our meta-analysis included data from the following trials:

- CADILLAC trial; Stone GW, Grines CL, Cox DA, et al., Comparison of angioplasty with stenting, with or without abciximab, in acute myocardial infarction. Published in the New England Journal of Medicine in 2002 (346(13), pages 957-66).
- TYPHOON trial; Spaulding C, Henry P, Teiger E, et al., Sirolimus-eluting versus uncoated stents in acute myocardial infarction. Published in the New England Journal of Medicine in 2006 (355(11), pages 1093-104).
- HORIZONS-AMI trial; Mehran R, Lansky AJ, Witzenbichler B, et al., Bivalirudin in patients undergoing primary angioplasty for acute myocardial infarction (HORIZONS-AMI): 1-year results of a randomised controlled trial. Published in Lancet in 2009 (374(9696), pages 1149-59).
- HORIZONS-AMI trial ; Stone GW, Witzenbichler B, Guagliumi G, et al., Bivalirudin during primary PCI in acute myocardial infarction. Published in the New England Journal of Medicine in 2008 (358(21), pages 2218-30).
- TAPAS trial; Svilaas T, van der Horst IC, Zijlstra F. Thrombus, Aspiration during Percutaneous coronary intervention in Acute myocardial infarction Study (TAPAS)--study design. Published in the American Heart Journal in 2006 (151(3), pages 597 e1- e7).

The results of this meta-analysis are described below.

In the STEMI group, perfect blood flow in the artery was reached in 95% of MGuard ™ patients, compared to 90% in patients who underwent percutaneous coronary intervention with normal bare-metal stents. More patients experienced restoration of normal electrocardiogram reading (78% versus 50%) and blood flow to the heart muscle (83% versus 39%) with MGuard ™ than bare-metal stents. In addition, the occurrence of major adverse cardiac events at six months post-deployment was 3.2% compared with 8.5% in patients treated with bare-metal stents.

In the saphenous vein graft group, with MGuard ™ , the average incidence of major adverse cardiac events at the 12-month follow-up was 10.0%, compared to 23.5% with bare-metal stents .

Future Clinical Trials for MGuard ™ Coronary

We anticipate that additional studies will be conducted to meet registration requirements in key countries, particularly the United States and China. Certain countries in Europe also require additional local studies, depending on whether regulatory authorities classify the MGuard ™ Coronary with bio-stable mesh as a new device rather than a bare metal stent. Following these studies, we expect that post-marketing trials will be conducted to further establish the safety and efficacy of the MGuard ™ Coronary with bio-stable mesh in specific indications. These trials will be designed to facilitate market acceptance and expand the use of the product.

In the first fiscal quarter of 2011, we plan to launch a prospective, randomized study in Europe, Mexico and South America to demonstrate the superiority of the MGuard™ stent over commercially-approved bare-metal and drug-eluting stents in achieving better myocardial reperfusion (the restoration of blood flow) in primary angioplasty for the treatment of acute STEMI. We anticipate that this trial will enroll up to 406 subjects, 50% of whom will be treated with an MGuard™ stent and 50% of whom will be treated with a commercially-approved bare-metal or drug-eluting stent. The primary endpoint of this study is the occurrence of the restoration of normal electrocardiogram reading.

We also plan to conduct a large clinical study for FDA approval in the United States. We expect that this study will be a prospective, multicenter, randomized clinical trial. Its primary objective will be to compare the effectiveness of the MGuard™ stent in the treatment of de novo stenotic lesions in coronary arteries in patients undergoing primary revascularization (a surgical procedure for the provision of a new, additional, or augmented blood supply to the heart) due to acute myocardial infarction with the MultiLink Vision stent system from Abbott Vascular and performance goals derived from published data. We expect total enrollment of up to 574 subjects, at up to 40 sites throughout the United States. The primary endpoint of this study will be the occurrence of Blush Score of 3, which would indicate that blood supply to the heart muscle is optimal, following the procedure, and the secondary endpoint will be the occurrence of target vessel failure (a composite endpoint of cardiac death, reoccurrence of a heart attack and the need for a future invasive procedure to correct narrowing of the coronary artery). This study is expected to start in 2012, and the enrollment phase is expected to last 18 months. We expect that subjects will be followed for 12 months with assessments at 30 days, six months, nine months and 12 months. This plan is tentative, and is subject to change to conform with FDA regulations and requirements.

Planned Trials for future MGuard ™ Peripheral and Carotid Products

As shown in the table at the beginning of this section, we also plan to conduct clinical trials for our additional products in development in order to obtain approval for their use. We anticipate that local distributors in the countries in which such trials will take place will support many of these studies.

Growth Strategy

Our primary business objective is to utilize our proprietary technology to become the industry standard for treatment of acute coronary syndromes and to provide a superior solution to the common acute problems caused by current stenting procedures, such as restenosis, embolic showers and late thrombosis. We are pursuing the following business strategies in order to achieve this objective.

- ***Successfully commercialize MGuard ™ Coronary with bio-stable mesh.*** We have begun commercialization of MGuard ™ Coronary with a bio-stable mesh in Europe, Asia and Latin America through our distributor network and we are aggressively pursuing additional registrations and contracts in other counties such as Russia, Canada, South Korea, China, Belgium, the Netherlands and certain smaller countries in Latin America. By the time we begin marketing this product in the United States, we expect to have introduced the MGuard ™ technology to clinics and interventional cardiologists around the world, and to have fostered brand name recognition and widespread adoption of MGuard ™ Coronary. We plan to accomplish this by participating in national and international conferences, conducting and sponsoring clinical trials, publishing articles in scientific journals, holding local training sessions and conducting electronic media campaigns.

- ***Successfully develop the next generation of MGuard ™ stents.*** While we market our MGuard ™ Coronary with bio-stable mesh, we intend to develop the MGuard ™ Coronary with a drug-eluting mesh. We are also working on our MGuard ™ stents for peripheral and carotid. In addition, we released our cobalt-chromium version of MGuard ™ , MGuard Prime™, in 2010, which we anticipate will replace MGuard ™ over the next couple of years.

- ***Continue to leverage MGuard ™ technology to develop additional applications for interventional cardiologists and vascular surgeons.*** In addition to the applications described above, we believe that we will eventually be able to utilize our proprietary technology to address imminent market needs for new product innovations to significantly improve patients' care. We have secured intellectual property using our unique mesh technology in the areas of brain aneurism, treating bifurcated blood vessels and a new concept of distal protective devices. We believe these areas have a large growth potential given, in our view, that present solutions are far from satisfactory, and there is a significant demand for better patient care. We believe that our patents can be put into practice and that they will drive our growth at a later stage.

- ***Work with world-renowned physicians to build awareness and brand recognition of MGuard ™ portfolio of products.*** We intend to work closely with leading cardiologists to evaluate and ensure the efficacy and safety of our products. We intend that some of these prominent physicians will serve on our Scientific Advisory Board, which is our advisory committee that advises our board of directors, and run clinical trials with the MGuard ™ Coronary stent. We believe these individuals, once convinced of the MGuard ™ Coronary stent's superiority, will be invaluable assets in facilitating the widespread adoption of the stent. In addition, we plan to look to these cardiologists to generate and publish scientific data supporting our products, and to promote them at various conferences they attend.

- ***Continue to protect and expand our portfolio of patents.*** Our patents and their protection are critical to our success. We have filed ten separate patents for our MGuard ™ technology in Canada, China, Europe, Israel, India, South Africa, and the United States, for an aggregate of 35 filed patents. We believe these patents cover all of our existing products, and can be useful for future technology. We intend to continue patenting new technology as it is developed, and to actively pursue any infringement upon our patents.

- ***Develop strategic partnerships.*** We intend to partner with medical device, biotechnology and pharmaceutical companies to assist in the development and commercialization of our proprietary technology. We plan to partner with a company in the United States to guide products through FDA approval and to support the sale of MGuard ™ stents in the United States.

Competition

The stent industry is highly competitive. The bare-metal stent and the drug-eluting stent markets in the United States and Europe are dominated by Abbott Laboratories, Boston Scientific Corporation, Johnson & Johnson and Medtronic, Inc. Due to ongoing consolidation in the industry, there are high barriers to entry for small manufacturers in both the European and the United States markets. However, due to less stringent regulatory approval requirements in Europe, we believe that the European market is somewhat more fragmented, and small competitors appear able to gain market share with greater ease.

In the future, we believe that physicians will look to next-generation stent technology to compete with currently existing therapies. These new technologies will likely include bio-abosorbable stents, stents that are customizable for different legion lengths, stents that focus on treating bifurcated legions, and stents with superior polymer and drug coatings. Some of the companies developing new stents are The Sorin Group, Xtent, Inc., Cinvention AG, OrbusNeich, Biotronik SE & Co. KG, Svelte Medical Systems, Inc. and Stentys SA, among others. To address current issues with drug-eluting stents, The Sorin Group and Cinvention AG have developed stents that do not require a polymer coating for drug delivery, thereby expanding the types of drugs that can be used on their respective stents. OrbusNeich has addressed the problem differently, developing a stent coated with an antibody designed to eliminate the need for any drug at all. Xtent, Inc. has been concentrating on a stent that can be customized to fit different sized legions, so as to eliminate the need for multiple stents in a single procedure. Biotronik SE & Co. KG is currently developing bio-absorbable stent technologies, and Abbott Laboratories is currently developing a bio-absorbable drug-eluting stent. These are just a few of the many companies working to improve stenting procedures in the future as the portfolio of available stent technologies rapidly increases. As the market moves towards next-generation stenting technologies, minimally invasive procedures should become more effective, driving the growth of the market in the future. We plan to continue our research and development efforts in order to be at the forefront of the acute myocardial infarction solutions.

The worldwide stent market is dominated by four major players, with a combined total market share of approximately 96%. Within the bare metal stent market and drug-eluting stent market, the top four companies have approximately 91% and 98% of the market share, respectively. The four major players are Abbott Laboratories, Boston Scientific Corporation, Johnson & Johnson and Medtronic, Inc. To date our sales are not significant enough to register in market share.

Research and Development Expenses

During the 2010 fiscal year and the 2009 fiscal year, we spent approximately $1.3 million and $1.3 million in research and development, respectively.

Sales and Marketing

Sales and Marketing

In October 2007, MGuard ™ Coronary with a bio-stable mesh received CE Mark approval in the EU, and shortly thereafter was commercially launched in Europe through local distributors. We are also in negotiations with additional distributors in Europe, Asia and Latin America and are currently selling our MGuard ™ Coronary with a bio-stable mesh in more than 30 countries.

Until FDA approval of our MGuard ™ Coronary with a bio-stable mesh, which we are targeting for 2014, we plan to focus our marketing efforts primarily on Europe, Asia and Latin America. Within Europe, we have focused on markets with established healthcare reimbursement from local governments such as Italy, Germany, Great Britain, France, Greece, Austria, Benelux, Denmark, Hungary, Poland, Slovenia, Czech Republic and Slovekia.

In addition to utilizing local and regional distributor networks, we are using international trade shows and industry conferences to gain market exposure and brand recognition. We plan to capitalize on our association with world-renowned physicians to enhance our marketing efforts. As sales volume increases, we plan to open regional offices and manage sales activities more closely in each of our defined geographical regions, and to provide marketing support to local and regional distributors in each area.

Product Positioning

The MGuard ™ Coronary has initially penetrated the market by entering market segments with indications that present high risks of embolic dislodgement, notably acute myocardial infarction and saphenous vein graft coronary interventions, which comprise approximately 50% of an $8 billion global coronary products market. We believe, however, that the benefits of utilizing the MGuard ™ product for many other stenting procedures will lead to rapid market acceptance and adoption.

When performing stenting procedures in patients with acute coronary symptoms, interventional cardiologists face a difficult dilemma in choosing between bare-metal stents, which have a high rate of restenosis, and drug-eluting stents, which have a high rate of late thrombosis, require administration of anti-platelet drugs for at least one year post procedure, are more costly than bare-metal stents and have additional side effects. We are marketing our platform technology, MGuard ™ , as a superior and cost effective solution to these currently unmet needs of interventional cardiologists. We believe our MGuard ™ technology is clinically superior to bare-metal stents because it reduces vessel injury and thereby reduces restenosis, providing embolic protection during and post-procedure. We believe our MGuard ™ technology is clinically superior to drug-eluting stents, due to its lower thrombosis rate, protection from embolic showers during and post-procedure, and potential elimination of the need for anti-platelet drugs. Additionally, the MGuard ™ Coronary is more cost effective than typical drug-eluting stents, even before taking into account the added cost of mandated drug therapies.

In addition to the significant benefits of the MGuard ™ technology, it maintains the deliverability, crossing profile, and dilatation pressure of a conventional stent, and interventional cardiologists do not have to undergo extensive training before utilizing the product.

Insurance Reimbursement

In most countries, a significant portion of a patient's medical expenses is covered by third-party payors. Third-party payors can include both government funded insurance programs and private insurance programs. While each payor develops and maintains its own coverage and reimbursement policies, the vast majority of payors have similarly established policies. All of the MGuard ™ products sold to date have been designed and labeled in such a way as to facilitate the utilization of existing reimbursement codes, and we intend to continue to design and label our products in a manner consistent with this goal.

While most countries have established reimbursement codes for stenting procedures, certain countries may require additional clinical data before recognizing coverage and reimbursement for the MGuard ™ products. In these situations, we intend to complete the required clinical studies to obtain reimbursement approval in countries where it makes economic sense to do so.

In the United States, once the MGuard ™ Coronary with bio-stable mesh is approved by the FDA, it will be eligible for reimbursement from the Centers for Medicare and Medicaid Services, which serve as a benchmark for all reimbursement codes. While there is no guarantee these codes will not change over time, we believe that the MGuard ™ will be eligible for reimbursement through both governmental healthcare agencies and most private insurance agencies in the United States.

Intellectual Property

Patents

We have filed ten separate patents for our MGuard ™ technology, in Canada, China, Europe, Israel, India, South Africa, and the United States, for an aggregate of 35 filed patents. These patents cover percutaneous therapy, knitted stent jackets, stent and filter assemblies, in vivo filter assembly, optimized stent jackets, stent apparatuses for treatment via body lumens and methods of use, stent apparatuses for treatment via body lumens and methods of manufacture and use, and stent apparatuses for treatment of body lumens, among others. In lay terms, these patents generally cover two parts of our products: the mesh sleeve, with and without a drug, and the delivery mechanism of the stent. None of these patents have been granted as of the date of this Current Report on Form 8-K. We believe these patents, once issued, will cover all of our existing products and be useful for future technology. We also believe that the patents we have filed, in particular those covering the use of a knitted micron-level mesh sleeve over a stent for various indications, would create a significant barrier for another company seeking to use similar technology.

To date, we are not aware of other companies that have patent rights to a micron fiber, releasable knitted fiber sleeve over a stent. However, larger, better funded competitors own patents relating to the use of drugs to treat restenosis, stent architecture, catheters to deliver stents, and stent manufacturing and coating processes as well as general delivery mechanism patents like rapid exchange. Stent manufacturers have historically engaged in significant litigation, and we could be subject to claims of infringement of intellectual property from one or more competitors. Although we believe that any such claims would be un-founded, such litigation would divert attention and resources away from the development of MGuard ™ stents. Other manufacturers may also challenge the intellectual property that we own, or may own in the future. We may be forced into litigation to uphold the validity of the claims in our patent portfolio, an uncertain and costly process.

Trademarks

We use the InspireMD and MGuard trademarks. We have registered these trademarks in Europe. The trademarks are renewable indefinitely, so long as we continue to use the mark in Europe and make the appropriate filings when required.

Government Regulation

The manufacture and sale of our products are subject to regulation by numerous governmental authorities, principally the European Union CE Mark, the FDA and other corresponding foreign agencies.

Sales of medical devices outside the United States are subject to foreign regulatory requirements that vary widely from country to country. These laws and regulations range from simple product registration requirements in some countries to complex clearance and production controls in others. As a result, the processes and time periods required to obtain foreign marketing approval may be longer or shorter than those necessary to obtain FDA market authorization. These differences may affect the efficiency and timeliness of international market introduction of our products. For countries in the European Union ("EU"), medical devices must display a CE mark before they may be imported or sold. In order to obtain and maintain the CE mark, we must comply with the Medical Device Directive and pass an initial and annual facilities audit inspections to ISO 13485 standards by an EU inspection agency. We have obtained ISO 13485 quality system certification and the products we currently distribute into the EU display the required CE mark. In order to maintain certification, we are required to pass annual facilities audit inspections conducted by EU inspectors.

In the United States, the medical devices that will be manufactured and sold by us will be subject to laws and regulations administered by the FDA, including regulations concerning the prerequisites to commercial marketing, the conduct of clinical investigations, compliance with the Quality System Regulation, or QSR, and labeling.

A manufacturer may seek market authorization for a new medical device through the rigorous Premarket Approval, or PMA, application process, which requires the FDA to determine that the device is safe and effective for the purposes intended.

We will also be required to register with the FDA as a medical device manufacturer. As such, our manufacturing facilities will be subject to FDA inspections for compliance with QSR. These regulations will require that we manufacture our products and maintain our documents in a prescribed manner with respect to design, manufacturing, testing and quality control activities. As a medical device manufacturer, we will further be required to comply with FDA requirements regarding the reporting of adverse events associated with the use of our medical devices, as well as product malfunctions that would likely cause or contribute to death or serious injury if the malfunction were to recur. FDA regulations also govern product labeling and prohibit a manufacturer from marketing a medical device for unapproved applications. If the FDA believes that a manufacturer is not in compliance with the law, it can institute enforcement proceedings to detain or seize products, issue a recall, enjoin future violations and assess civil and criminal penalties against the manufacturer, its officers and employees.

In addition, international sales of medical devices manufactured in the United States that have not been approved or cleared by the FDA for marketing in the United States are subject to FDA export requirements. These require that we obtain documentation from the medical device regulatory authority of the destination country stating that sale of the medical device is not in violation of that country's medical device laws, and, under some circumstances, may require us to apply to the FDA for permission to export a device to that country.

Customers

Our customer base is varied. We began selling our product to customers in Europe in January 2009 and have since expanded our global distribution network to Canada, Southeast Asia, India and Latin America. Sixty six percent (66%) of our 2010 revenues were generated in Europe. Our major customer in 2010 was Hand-Prod Sp. Z o.o, a Polish distributor, that accounted for 29% of our revenues. In addition, other current significant customers are in Germany, Italy, Spain, Brazil and India.

Manufacturing and Suppliers

We manufacture our stainless steel MGuard ™ stent through a combination of outsourcing and assembly at our own facility. Third parties in Germany manufacture the base stent and catheter materials, and we add our proprietary mesh sleeve to the stent. Our current exclusive product supplier is QualiMed GmbH ("QualiMed"). QualiMed is a specialized German stent manufacturer that electro polishes and crimps the stent onto a balloon catheter that creates the base for our MGuard ™ stents. QualiMed has agreed to take responsibility for verifying and validating the entire stent system by performing the necessary bench test and biocompatibility testing. During the production process, QualiMed is responsible for integrating the mesh covered stent with the delivery system, sterilization, packaging and labeling. Our proprietary mesh sleeve is supplied by Biogeneral, Inc., a San Diego, California-based specialty polymer manufacturer for medical and engineering applications.

Our MGuard Prime™ cobalt-chromium stent was designed by Svelte Medical Systems Inc., and is being manufactured and supplied by MeKo Laserstrahl-Materialbearbeitung. The complete assembly process for MGuard Prime™, including knitting and securing the sleeve to the stent and the crimping of the sleeve stent on to a balloon catheter, is done at our Israel manufacturing site. Once MGuard Prime™ has been assembled, it is sent for sterilization in Germany and then back to Israel for final packaging.

Distributors

We currently have exclusive distribution agreements for our CE Mark approved MGuard ™ Coronary with bio-stable mesh with medical product distributors based in Italy, Germany, Austria, Czech Republic and Slovekia, France, Slovenia, Greece, Cyprus, Portugal, Spain, Sweden, Poland, Hungary, Estonia, Lithuania, Ukraine, United Kingdom, Kazakhstan, Turkey, Latvia, Brazil, Chile, Costa Rica, Mexico, Argentina, Venezuela, Colombia, Peru, India, Sri Lanka, Korea, Malaysia, Pakistan, Thailand, Taiwan and Israel. We are currently in discussions with multiple distribution companies in Europe, Asia, and Latin America and expect to have distribution representatives in at least 30 countries by the end of 2011. We are also pursuing regional distribution agreements, which we expect will increase our market coverage and penetration.

Current and future agreements with distributors stipulate that while we are responsible for training, providing marketing guidance, marketing materials, and technical guidance, distributors will be responsible for carrying out local registration, marketing activities and sales. In addition, in most cases, all sales costs, including sales representatives, incentive programs, and marketing trials, will be borne by the distributor. Under current agreements, distributors purchase stents from us at a fixed price. Our current agreements with distributors are for a term of approximately three years and will automatically renew for an additional three years unless modified by either party.

Employees

As of December 31, 2010, we had 45 full-time employees. Our employees are not party to any collective bargaining agreements. We consider our relations with our employees to be good. We believe that our future success will depend, in part, on our continued ability to attract, hire and retain qualified personnel.

Properties

Our headquarters are located in Tel Aviv, Israel where we currently have an 825 square meter facility that employs 25 of our manufacturing personnel and currently has a capacity to manufacture and assemble 3,000 stents per month. We believe that our current facility is sufficient to meet anticipated future demand by adding additional shifts to our current production schedule.

Legal Proceedings

From time to time, we may be involved in litigation that arises through the normal course of business. As of the date of this filing, we are not a party to any material litigation nor are we aware of any such threatened or pending litigation, except for the matters described below.

On November 2, 2010, Eric Ben Mayor, a former senior employee of InspireMD, filed suit in Regional Labor Court in Tel Aviv, claiming illegal termination of employment and various amounts in connection with his termination, including allegations that he is owed salary, payments to pension fund, vacation pay, sick days, severance pay, commission for revenues and other types of funds. In total, Mr. Mayor is seeking 1,476,027 Israeli new shekel ("NIS"), additional compensation for holding back wages, and options to purchase 250,000 of InspireMD's ordinary shares at an exercise price of 0.01 NIS per share. We intend to assert a vigorous defense to the litigation.

On November 3, 2010, Eftan Consulting and Investments Ltd. ("Eftan"), a company wholly owned by a former legal counsel of InspireMD, filed suit in the District Court in Tel Aviv, claiming that according to an agreement between Eftan and InspireMD dated April 1, 2005, pursuant to which Eftan was retained to provide legal services to InspireMD, Eftan is entitled options to purchase to 61,120 ordinary shares of InspireMD at an exercise price of 0.01 NIS per share. We intend to assert a vigorous defense to the litigation.

There are no proceedings in which any of our directors, officers or affiliates or any registered or beneficial shareholders is an adverse party or has a material interest adverse to our interest.

Forward-Looking Statements

Statements in this Current Report on Form 8-K and other written reports made from time to time by us that are not historical facts constitute so-called "forward-looking statements," all of which are subject to risks and uncertainties. Forward-looking statements can be identified by the use of words such as "expects," "plans," "will," "forecasts," "projects," "intends," "estimates," and other words of similar meaning. Forward-looking statements are likely to address our growth strategy, financial results and product and development programs, among other things. One must carefully consider any such statement and should understand that many factors could cause actual results to differ from our forward-looking statements. Such risks and uncertainties include but are not limited to those outlined in the section entitled "Risk Factors" and other risks detailed from time to time in our filings with the Securities and Exchange Commission or otherwise. These factors may include inaccurate assumptions and a broad variety of other risks and uncertainties, including some that are known and some that are not. No forward-looking statement can be guaranteed and actual future results may vary materially.

Information regarding market and industry statistics contained in this Report is included based on information available to us that we believe is accurate. It is generally based on industry and other publications that are not produced for purposes of securities offerings or economic analysis. We have not reviewed or included data from all sources, and cannot assure investors of the accuracy or completeness of the data included in this Report. Forecasts and other forward-looking information obtained from these sources are subject to the same qualifications and the additional uncertainties accompanying any estimates of future market size, revenue and market acceptance of products and services. We do not assume any obligation to update any forward-looking statement. As a result, investors should not place undue reliance on these forward-looking statements.

Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion should be read in conjunction with the other sections of this Report, including "Risk Factors," "Description of Business" and the Financial Statements attached hereto pursuant to Item 9.01 and the related exhibits. The various sections of this discussion contain a number of forward-looking statements, all of which are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this Report. See "Forward-Looking Statements." Our actual results may differ materially.

Recent Events

On December 29, 2010, InspireMD entered into a Share Exchange Agreement with the Company and on March 31, 2011 the Share Exchange was consummated (see "Item 2.01 Completion of Acquisition or Disposition of Assets—Share Exchange" for a description of the Share Exchange). In connection with this Share Exchange, we succeeded to the business of InspireMD as our sole line of business. The Share Exchange is being accounted for as a recapitalization, with InspireMD deemed to be the accounting acquirer and the Company the acquired company. Accordingly, InspireMD's historical financial statements for periods prior to the consummation of the Share Exchange have become those of the registrant. Operations reported for periods prior to the Share Exchange are those of InspireMD.

Overview

We are an innovative medical device company focusing on the development and commercialization of our proprietary stent platform technology, MGuard™, used in interventional cardiology and other vascular procedures.

In connection with the closing of the Share Exchange, we elected to report our financial results in accordance with generally accepted accounting principles in the United States ("U.S. GAAP") and as such, to report our financial results in United States dollars.

Critical Accounting Policies

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting periods. Actual results could differ from those estimates.

As applicable to these consolidated financial statements, the most significant estimates and assumptions relate to revenue recognition including provision for returns, legal contingencies and estimation of the fair value of share-based compensation and the convertible loan.

Functional currency

The currency of the primary economic environment in which our operations are conducted is the United States dollar ("$" or "dollar"). Accordingly, the functional currency of us and of our subsidiaries is the dollar.

The dollar figures are determined as follows: transactions and balances originally denominated in dollars are presented in their original amounts. Balances in foreign currencies are translated into dollars using historical and current exchange rates for non-monetary and monetary balances, respectively. The resulting translation gains or losses are recorded as financial income or expense, as appropriate. For transactions reflected in the statements of operations in foreign currencies, the exchange rates at transaction dates are used. Depreciation and changes in inventories and other changes deriving from non-monetary items are based on historical exchange rates.

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In determining fair value, we use various valuation approaches, including market, income and/or cost approaches. Hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of us. Unobservable inputs are inputs that reflect our assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs.

Concentration of credit risk and allowance for doubtful accounts

Financial instruments that may potentially subject us to a concentration of credit risk consist of cash, cash equivalents and restricted cash which are deposited in major financial institutions in Germany and Israel, and trade accounts receivable. Our trade accounts receivable are derived from revenues earned from customers from various counties. We perform ongoing credit evaluations of our customers' financial condition and, generally, require no collateral from our customers. We also have a credit insurance policy for some of our customers. We maintain an allowance for doubtful accounts receivable based upon the expected ability to collect the accounts receivable. We review our allowance for doubtful accounts quarterly by assessing individual accounts receivable and all other balances based on historical collection experience and an economic risk assessment. If we determine that a specific customer is unable to meet its financial obligations to us, we provide an allowance for credit losses to reduce the receivable to the amount our management reasonably believes will be collected. To mitigate risks, we deposit cash and cash equivalents with high credit quality financial institutions. Provisions for doubtful debts are netted against "Accounts receivable-trade."

Inventory

Inventories include finished goods, work in process and raw materials. Inventories are stated at the lower of cost (cost is determined on a "first-in, first-out" basis) or market value. In respect to inventory on consignment, see "Revenue recognition" below.

Revenue recognition

Revenue is recognized when delivery has occurred, evidence of an arrangement exists, title and risks and rewards for the products are transferred to the customer, collection is reasonably assured and when product returns can be reliably estimated. When product returns can be reliably estimated a provision is recorded, based on historical experience, and deducted from sales. The provision for sales returns and related costs are included in "Accounts payable and accruals - Other" under "current liabilities", and "Inventory on consignment", respectively.

When returns cannot be reliably estimated, both revenues and related direct costs are eliminated, as the products are deemed unsold. Accordingly, both related revenues and costs are deferred, and presented under “Deferred revenues” and “Inventory on consignment”, respectively.

We recognize revenue net of value added tax (VAT).

Research and development costs

Research and development costs are charged to the statement of operations as incurred.

Share-based compensation

Employee option awards are classified as equity awards and accounted for using the grant-date fair value method. The fair value of share-based awards is estimated using the Black-Scholes valuation model, which is expensed over the requisite service period, net of estimated forfeitures. We estimate forfeitures based on historical experience and anticipated future conditions.

We elected to recognize compensation expensed for awards with only service conditions that have graded vesting schedules using the accelerated multiple option approach.

We account for equity instruments issued to third party service providers (non-employees) by recording the fair value of the options granted using an option pricing model, at each reporting period, until rewards are vested in full. The expense is recognized over the vesting period using the accelerated multiple option approach. The expense relates to options granted to third party service providers with respect to successful investor introductions that are recorded at their fair value in equity, as issuance costs.

Uncertain tax and vat positions

We follow a two-step approach to recognizing and measuring uncertain tax and VAT positions. The first step is to evaluate the tax and VAT position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit. The second step is to measure the tax and VAT benefit as the largest amount that is more than 50% and 75%, respectively, likely of being realized upon ultimate settlement. Such liabilities are classified as long-term, unless the liability is expected to be resolved within twelve months from the balance sheet date. Our policy is to include interest and penalties related to unrecognized tax benefits within financial expenses.

Results of Operations

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Revenues . For the year ended December 31, 2010, total revenue increased 45.1% to $4.9 million from $3.4 million in 2009. The increase in revenue was primarily attributable to launching MGuard™ Coronary with bio-stable mesh in new markets around the world, particularly in Europe and Latin America and the implementation of net revenue recognition policies.

Gross Margin . Our gross margin percentage for 2010 increased to 45.5% of revenues, compared to 32.8% during 2009. The increase in our gross margin resulted primarily from higher pricing, more efficient manufacturing and economies of scale due to the increase in sales volume.

Research and Development Expense . For the year ended December 31, 2010, research and development expense increased 0.6% to $1.338 million from $1.330 million in 2009. Research and development expense as a percentage of revenue decreased to 27.0% in 2010 from 39.0% in 2009.

Selling and Marketing Expense . For the year ended December 31, 2010, selling and marketing expense increased 18.8% to $1.2 million from $1.0 million in 2009. The increase in cost resulted primarily from additional promotional activities worldwide. Selling and marketing expense as a percentage of revenue decreased to 25.0% in 2010 from 30.5% in 2009.

General and Administrative Expense . For the year ended December 31, 2010, general and administrative expense increased 97.5% to approximately $2.9 million from $1.5 million in 2009. The increase in cost resulted primarily from a large increase in the amount of our share options being issued and the corresponding accounting charges and overall accounting and legal expenses. General and administrative expense as a percentage of revenue increased to 58.6% in 2010 from 43.0% in 2009.

Financial Expenses (Income) . For the year ended December 31, 2010, financial expense increased to approximately $0.2 million from $(0.04) million in 2009. The increase in expense resulted primarily from a one time financial income recording of $0.3 million in 2009 pertaining to the cancellation of the conversion feature of a convertible loan that was repaid in the same year. Financial expense as a percentage of revenue increased to 3.1% in 2010, compared to financial income as a percent of revenue of -1.2% in 2009.

Tax Expenses . Tax expense remained flat at $47,000 in 2010 and 2009. Our expenses for income taxes reflect primarily the tax liability due to potential tax exposure.

Net Loss . Our net loss increased 25.6% to $3.4 million in 2010 from $2.7 million in 2009.

Backlog . Our order backlog at December 31, 2010 was approximately $1.5 million, up 165% compared to approximately $0.6 million at December 31, 2009.

Liquidity and Capital Resources

General . At December 31, 2010, we had cash and cash equivalents of approximately $636,000, as compared to $376,000 in 2009. We have historically met our cash needs through a combination of issuance of new shares, borrowing activities and sales. Our cash requirements are generally for product development, clinical trials, marketing and sales activities, finance and administrative cost, capital expenditures and overall working capital.

Cash used in our operating activities was approximately $2.7 million in 2010, and $1.5 million in 2009. The principal reasons for the decrease in cash flow from operations in 2010 included a $3.4 million net loss, a decrease of $1.6 million in deferred revenues offset by $1.6 million of non cash share based compensation expense and $0.4 million increase in other working capital.

Cash used in investing activities was approximately $46,000 in 2010, and $0.3 million in 2009. The principal reasons for the decrease in cash flow from investing activities included $81,000 for plant and equipment purchases offset by a $52,000 decrease in restricted cash.

Cash flow generated from financing activities was approximately $3.0 million in 2010, and $0.7 million in 2009. The principal reasons for the increase in cash flow from financing activities during 2010 were the issuance of approximately $1.8 million in new shares and the issuance of a convertible loan of approximately $1.5 million, offset by the repayment of a long term loan in the amount of $0.3 million.

As of December 31, 2010, current assets was approximately equal with our current liabilities. Current assets decreased $0.2 million during 2010 while current liabilities decreased by $1.5 million during the same period. As a result, our working capital deficiency decreased by $1.2 million to approximately $53,000 during 2010.

Credit Facilities . As of December 31, 2010, we had a long term loan in the amount of approximately $0.4 million bearing interest at the three month US$ libor rate plus 4% per annum. The loan is payable in eight quarterly installments during a period of three years beginning April 2010 and ending on January 2012. According to the loan agreement, in case of an "Exit Transaction," we will be required to pay to the bank an additional $0.25 million if the sum received in a "Liquidity event" or the value of the company at an "IPO" is higher than $100 million.

Convertible Loan . As of December 31, 2010, we had a convertible loan with an aggregate principal amount outstanding of approximately $1,580,000. The convertible loan bears 8% interest and is repayable or convertible upon the maturity date or, if the Share Exchange is consummated prior to the maturity date, then the convertible loan is convertible at the option of the holder into shares of our common stock following the Share Exchange at a price of $1.50 per share. The convertible loan is also convertible into shares of InspireMD if the Share Exchange does not occur and upon certain other circumstances. This summary description of the convertible loan is qualified in its entirety by reference to the Convertible Debenture attached hereto as Exhibit 10.8 and the Securities Purchase Agreement entered into in connection therewith and attached hereto as Exhibit 10.10.

Loans from Shareholder . In August 2007, two shareholders loaned us $40,000, with no interest rate and with no specific terms of repayment. These loans were repaid partially during March 2009 and the remaining amount during February 2011.

Sales of Stock . During the fourth quarter of 2010 and January 2011, we issued an aggregate of 145,000 ordinary shares for consideration of approximately $1.4 million.

Factors That May Affect Future Operations

We believe that our future operating results will continue to be subject to quarterly variations based upon a wide variety of factors, including the cyclical nature of the ordering patterns of our distributors, timing of regulatory approvals, the implementation of various phases of our clinical trials and manufacturing efficiencies due to the learning curve of utilizing new materials and equipment. Our operating results could also be impacted by a weakening of the Euro and strengthening of the New Israeli Shekel, both against the United States dollar. Lastly, other economic conditions we cannot foresee may affect customer demand, such as individual country reimbursement policies pertaining to our products.

Off Balance Sheet Transactions and Related Matters

We have no off-balance sheet transactions, arrangements, obligations (including contingent obligations), or other relationships with unconsolidated entities or other persons that have, or may have, a material effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Recent Accounting Pronuncements

In October 2009, the FASB issued amendments to the accounting and disclosure for revenue recognition. These amendments, effective for fiscal years beginning on or after June 15, 2010 (early adoption is permitted), modify the criteria for recognizing revenue in multiple element arrangements and require companies to develop a best estimate of the selling price to separate deliverables and allocate arrangement consideration using the relative selling price method. Additionally, the amendments eliminate the residual method for allocating arrangement considerations. We do not expect the standard to have material effect on our consolidated financial statements.

In January 2010, the FASB updated the "Fair Value Measurements Disclosures." Specifically, this update will require (a) an entity to disclose separately the amounts of significant transfers in and out of Levels 1 and 2 fair value measurements and to describe the reasons for the transfers; and (b) information about purchases, sales, issuances and settlements to be presented separately (i.e. present the activity on a gross basis rather than net) in the reconciliation for fair value measurements using significant unobservable inputs (Level 3 inputs). This update clarifies existing disclosure requirements for the level of disaggregation used for classes of assets and liabilities measured at fair value, and require disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements using Level 2 and Level 3 inputs. This will become effective as of the first interim or annual reporting period beginning after December 15, 2009, except for the gross presentation of the Level 3 roll forward information, which is required for annual reporting periods beginning after December 15, 2010 and for interim reporting periods within those years. We do not expect that the adoption of this new guidance will have a material impact on our consolidated financial statements.

Risk Factors

Our business and an investment in our securities are subject to a variety of risks. The following risk factors describe the most significant events, facts or circumstances that we believe could have a material adverse effect upon our business, financial condition, results of operations, ability to implement our business plan, and the market price for our securities. Many of these events are outside of our control. The risks described below are not the only ones facing our Company. Additional risks not presently known to us or that we currently believe are immaterial may also impair our business operations. If any of these risks actually occur, our business, financial condition or results of operation may be materially adversely affected. In such case investors in our securities could lose all or part of their investment.

Risks Related to Our Business

Our failure to successfully market, sell, manufacture or distribute our stent products would have a material adverse effect on our business and the value of our business.

We have limited experience marketing, selling, manufacturing or distributing the products we intend to sell, if and when we receive the regulatory approvals required to do so. Furthermore, we will need to substantially increase our manufacturing, marketing, sales and distribution capabilities in order to do so successfully. If unsuccessful in any of these activities, our business and the value of our securities could be materially and adversely affected.

We expect to derive our revenue from sales of our MGuard ™ stent products. If we fail to generate revenue from this source, our results of operations and the value of our business would be materially and adversely affected.

We expect our revenue to be generated from sales of our MGuard™ stent products and other products we may develop. Future sales of these products, if any, will be subject to commercial and market uncertainties that are outside our control. If we fail to generate such revenues, our results of operations and the value of our business and securities could be materially and adversely affected.

Market acceptance of our products, and the products of any future licensees, is uncertain.

Even if our products are developed successfully and achieve all necessary regulatory approvals, they may not enjoy commercial acceptance or success, which would adversely affect our potential market share, and our business, financial condition and results of operations. Several factors could limit the successful commercialization of our products, including:

- limited market acceptance or familiarity among patients, physicians, medical centers and third-party purchasers;
- inadequate reimbursement for our products by third party payors;
- our inability to develop a sales force or distributors capable of effectively marketing our products;
- our inability to manufacture and supply a sufficient amount of products to meet market demands; and
- the number, relative effectiveness, and cost of competing products that may enter the market.

The foregoing factors could also limit the successful commercialization by any future licensee of products incorporating our technology, which would ultimately affect our results of operations.

We have a history of net losses and may experience future losses

To date, we have experienced net losses. A substantial portion of the expenses associated with our manufacturing facilities are fixed in nature (i.e., depreciation) and will reduce our operating margin until such time, if ever, as we are able to increase utilization of our capacity through increased sales of our products. The clinical trials necessary to support our anticipated growth will be expensive and lengthy. In addition, our strategic plan will require a significant investment in clinical trials, product development and sales and marketing programs, which may not result in the accelerated revenue growth that we anticipate. As a result, there can be no assurance that we will ever generate substantial revenues or sustain profitability.

We have no experience scaling our manufacturing capability, and if we are unable to increase our production to meet demand, our business and results of operations would suffer.

To be successful, we must manufacture products of sufficient quality in sufficient quantities to meet demand, in compliance with regulatory requirements, and at an acceptable cost. We have no experience in large-scale manufacturing, and may not be able to develop commercially viable manufacturing capabilities or increase our capacity to meet increased demand for our interventional cardiology products. We will need to expand our production facilities for our products if we receive sizeable orders. An important element in the manufacture of our products will be our ability to scale our unit volume to meet sales projections, while maintaining high product quality. To date, the application of the mesh sleeve to the stent has been a manual process. We are dependent upon SewFine LLC for the development of a process to automate the production of our MGuard™ stent products. We and any potential licensee may also encounter manufacturing problems in relation to the following:

- production yields;
- quality control and assurance;

- availability of third-party components or products;
- shortages of qualified personnel;
- compliance with local and international regulations;
- production and distribution costs; and
- development of advanced manufacturing techniques and process controls.

To the extent we use third-party manufacturers or enter into manufacturing joint ventures with third parties, we cannot be certain that we will be able to contract with such companies on acceptable terms, if at all, or that such third parties will satisfy our quality standards or meet supply requirements on a timely basis, if at all.

Clinical trials necessary to support a pre-market approval application will be expensive and will require the enrollment of a large number of patients, and suitable patients may be difficult to identify and recruit.

Clinical trials necessary to support a pre-market approval ("PMA") application for our MGuard™ stent will be expensive and will require the enrollment of a large number of patients, and suitable patients may be difficult to identify and recruit, which may cause a delay in the development and commercialization of our product candidates. Clinical trials supporting the PMA applications for the Cypher stent and the Taxus Express2 stent, which are approved by the FDA and currently marketed, involved patient populations of approximately 1,000 and 1,300, respectively, and a 12-month follow up period. The FDA may require us to submit data on a greater number of patients or for a longer follow-up period. Patient enrollment in clinical trials and the ability to successfully complete patient follow-up depends on many factors, including the size of the patient population, the nature of the trial protocol, the proximity of patients to clinical sites, the eligibility criteria for the clinical trial and patient compliance. For example, patients may be discouraged from enrolling in our clinical trials if the trial protocol requires them to undergo extensive post-treatment procedures or follow-up to assess the safety and efficacy of our products, or they may be persuaded to participate in contemporaneous clinical trials of competitive products. In addition, patients participating in our clinical trials may die before completion of the trial or suffer adverse medical events unrelated to or related to our products. Delays in patient enrollment or failure of patients to continue to participate in a clinical trial may cause an increase in costs and delays or result in the failure of the clinical trial.

Physicians may not widely adopt the MGuard™ stent unless they determine, based on experience, long-term clinical data and published peer reviewed journal articles, that the use of the MGuard™ stent provides a safe and effective alternative to other existing treatments for coronary artery disease.

We believe that physicians will not widely adopt the MGuard™ stent unless they determine, based on experience, long-term clinical data and published peer reviewed journal articles, that the use of our MGuard™ stent provides a safe and effective alternative to other existing treatments for coronary artery disease, including coronary artery bypass grafting, or CABG, balloon angioplasty, bare-metal stents and other drug-eluting stents, provided by Johnson & Johnson, Boston Scientific Corporation, Medtronic Inc., Abbott Laboratories, and others.

We cannot provide any assurance that the data collected from our current and planned clinical trials will be sufficient to demonstrate that the MGuard™ stents are an attractive alternative to other procedures. If we fail to demonstrate safety and efficacy that is at least comparable to other drug-eluting stents or bare-metal stents that have received regulatory approval and that are available on the market, our ability to successfully market the MGuard™ stent will be significantly limited. Even if the data collected from clinical studies or clinical experience indicate positive results, each physician's actual experience with our MGuard™ stent will vary. Clinical trials conducted with the MGuard™ stent have involved procedures performed by physicians who are technically proficient and are high-volume stent users. Consequently, both short- and long-term results reported in these clinical trials may be significantly more favorable than typical results of practicing physicians, which could negatively affect rates of adoptions of our products. We also believe that published peer-reviewed journal articles and recommendations and support by influential physicians regarding our MGuard™ stent will be important for market acceptance and adoption, and we cannot assure you that we will receive these recommendations and support, or that supportive articles will be published.

Our products are based on a new technology, and we have only limited experience in regulatory affairs, which may affect our ability or the time required to obtain necessary regulatory approvals, if such approvals are received at all.

Because our products are new and long-term success measures have not been completely validated, regulatory agencies, including the FDA, may take a significant amount of time in evaluating product approval applications. For example, there are currently several methods of measuring restenosis and we do not know which of these metrics, or combination of these metrics, will be considered appropriate by the FDA for evaluating the clinical efficacy of stents. Treatments may exhibit a favorable measure using one of these metrics and an unfavorable measure using another metric. Any change in the accepted metrics may result in reconfiguration of, and delays in, our clinical trials. Additionally, we have only limited experience in filing and prosecuting the applications necessary to gain regulatory approvals, and our clinical, regulatory and quality assurance personnel are currently composed of only 30 employees. As a result, we may experience a long regulatory process in connection with obtaining regulatory approvals for our products.

Even if our products are approved by regulatory authorities, if we or our suppliers fail to comply with ongoing regulatory requirements, or if we experience unanticipated problems with our products, these products could be subject to restrictions or withdrawal from the market.

Any product for which we obtain marketing approval, along with the manufacturing processes, post-approval clinical data and promotional activities for such product, will be subject to continual review and periodic inspections by the FDA and other regulatory bodies. In particular, we and our suppliers will be required to comply with QSR for the manufacture of our MGuard™ stent, which covers the methods and documentation of the design, testing, production, control, quality assurance, labeling, packaging, storage and shipping of any product for which we obtain marketing approval in the United States. The FDA enforces the QSR through unannounced inspections. We and our third-party manufacturers and suppliers have not yet been inspected by the FDA and will have to successfully complete such inspections before we receive U.S. regulatory approval for our products. Failure by us or one of our suppliers to comply with statutes and regulations administered by the FDA and other regulatory bodies, or failure to take adequate response to any observations, could result in, among other things, any of the following enforcement actions:

- warning letters or untitled letters;
- fines and civil penalties;
- unanticipated expenditures;
- delays in approving, or refusal to approve, our products;
- withdrawal or suspension of approval by the FDA or other regulatory bodies;
- product recall or seizure;
- orders for physician notification or device repair, replacement or refund;
- interruption of production;

- operating restrictions;
- injunctions; and
- criminal prosecution.

If any of these actions were to occur, it would harm our reputation and cause our product sales and profitability to suffer. Furthermore, key component suppliers may not currently be or may not continue to be in compliance with applicable regulatory requirements.

Even if regulatory approval of a product is granted, the approval may be subject to limitations on the indicated uses for which the product may be marketed. If the FDA determines that our promotional materials, training or other activities constitutes promotion of an unapproved use, it could request that we cease or modify our training or promotional materials or subject us to regulatory enforcement actions. It is also possible that other federal, state or foreign enforcement authorities might take action if they consider our training or other promotional materials to constitute promotion of an unapproved use, which could result in significant fines or penalties under other statutory authorities, such as laws prohibiting false claims for reimbursement.

Moreover, any modification to a device that has received FDA approval that could significantly affect its safety or effectiveness, or that would constitute a major change in its intended use, design or manufacture, requires a new approval from the FDA. If the FDA disagrees with any determination by us that new approval is not required, we may be required to cease marketing or to recall the modified product until approval is obtained. In addition, we could also be subject to significant regulatory fines or penalties.

Additionally, we may be required to conduct costly post-market testing and surveillance to monitor the safety or efficacy of our products, and we will be required to report adverse events and malfunctions related to our products. Later discovery of previously unknown problems with our products, including unanticipated adverse events or adverse events of unanticipated severity or frequency, manufacturing problems, or failure to comply with regulatory requirements, such as QSR, may result in restrictions on such products or manufacturing processes, withdrawal of the products from the market, voluntary or mandatory recalls, fines, suspension of regulatory approvals, product seizures, injunctions or the imposition of civil or criminal penalties. For example, Boston Scientific Corporation has initiated significant recalls of its stent products due to manufacturing and other quality issues associated with the products.

Further, healthcare laws and regulations may change significantly in the future. Any new healthcare laws or regulations may adversely affect our business. A review of our business by courts or regulatory authorities may result in a determination that could adversely affect our operations. In addition, the healthcare regulatory environment may change in a way that restricts our operations.

Failure to obtain regulatory approval in foreign jurisdictions will prevent us from marketing our products in such jurisdictions.

We intend to market our products in international markets. In order to market our products in the United States and many other foreign jurisdictions, we must obtain separate regulatory approvals. The approval procedure varies among countries and can involve additional testing, and the time required to obtain approval may differ from that required to obtain CE Mark or FDA approval. Foreign regulatory approval processes may include all of the risks associated with obtaining CE Mark or FDA approval in addition to other risks. We may not obtain foreign regulatory approvals on a timely basis, if at all. CE Mark does not ensure approval by regulatory authorities in other countries. We may not be able to file for regulatory approvals and may not receive necessary approvals to commercialize our products in certain markets.

Regulatory delays or denials may increase our costs, cause us to lose revenue and materially and adversely affect our results of operations and the value of our business.

The products we and any potential licensees license, develop, manufacture and market are subject to complex regulatory requirements in the United States, Europe and Asia. The process of obtaining regulatory approvals to market a medical device, particularly in the United States, Europe and Japan, can be costly and time-consuming. There can be no assurance that such approvals will be granted on a timely basis, if at all. Furthermore, there can be no assurance of continuing compliance with all regulatory requirements necessary for the manufacture, marketing and sale of the products we will offer in each market where such products are expected to be sold, or that products we have commercialized will continue to comply with applicable regulatory requirements. If a government regulatory agency were to conclude that we were not in compliance with applicable laws or regulations, the agency could institute proceedings to detain or seize our products, issue a recall, impose operating restrictions, enjoin future violations and assess civil and criminal penalties against us, our officers or employees and could recommend criminal prosecution. Furthermore, regulators may proceed to ban, or request the recall, repair, replacement or refund of the cost of, any device manufactured or sold by us. Furthermore, there can be no assurance that all necessary regulatory approvals will be obtained for the manufacture, marketing and sale in any market of any new product developed or that any potential licensee will develop using our licensed technology.

Clinical trials for our stent products involve a lengthy and expensive process, and there is a substantial risk of delay or failure. Any such delay or failure would prevent us from commercializing our stent products, which would materially and adversely affect our results of operations and the value of our business.

Our lead product in development, the MGuard ™ Coronary with bio-stable mesh, is currently undergoing human clinical trials. None of our other potential products have yet to begin human clinical trials. Clinical trials can be lengthy, time-consuming and expensive. The length of time required to complete clinical trials for pharmaceutical and medical device products varies substantially according to the degree of regulation and the type, complexity, novelty and intended use of a product, and can continue for several years and cost millions of dollars. The commencement and completion of clinical trials for our products under development may be delayed by many factors, including:

- governmental or regulatory delays and changes in regulatory requirements, policy and guidelines;
- our inability or the inability of any potential licensee to manufacture or obtain from third parties materials sufficient for use in preclinical studies and clinical trials;
- delays in patient enrollment and variability in the number and types of patients available for clinical trials;
- difficulty in maintaining contact with patients after treatment, resulting in incomplete follow-up data; and
- varying interpretation of data by regulatory agencies.

We operate in an intensely competitive and rapidly changing business environment, and there is a substantial risk our products could become obsolete or uncompetitive.

The medical device market is highly competitive. We compete with many medical service companies in the United States and internationally in connection with our current product and products under development. We face competition from numerous pharmaceutical and biotechnology companies in the therapeutics area, as well as competition from academic institutions, government agencies and research institutions. When we commercialize our products, we expect to face intense competition from Cordis Corporation, a subsidiary of Johnson & Johnson; Boston Scientific Corporation; Guidant; Medtronic, Inc.; Abbott Vascular Devices; Terumo, and others. Most of our current and potential competitors, including but not limited to those listed above, have, and will continue to have, substantially greater financial, technological, research and development, regulatory and clinical, manufacturing, marketing and sales, distribution and personnel resources, than we do. There can be no assurance that we will have sufficient resources to successfully commercialize our products, if and when they are approved for sale. The worldwide market for stent products is characterized by intensive development efforts and rapidly advancing technology. Our future success will depend largely upon our ability to anticipate and keep pace with those developments and advances. Current or future competitors could develop alternative technologies, products or materials that are more effective, easier to use or more economical than what we or any potential licensee develop. If our technologies or products become obsolete or uncompetitive, our related product sales and licensing revenue would decrease. This would have a material adverse effect on our business, financial condition and results of operations.

If we fail to maintain or establish satisfactory agreements with suppliers, we may not be able to obtain materials that are necessary to develop our products.

We depend on outside suppliers for certain raw materials. These raw materials or components may not always be available at our standards or on acceptable terms, if at all, and we may be unable to locate alternative suppliers or produce necessary materials or components on our own. If we cannot obtain necessary materials or components, we may be unable to manufacture products of sufficient quality in sufficient quantities to meet customer needs. We may also be unable to develop new products and applications and conduct clinical trials. This would compromise our ability to obtain necessary regulatory approvals, thereby impairing our ability to expand into new markets or develop new products.

Our stents may be subject to certain pricing restrictions that could reduce our product revenue.

The successful commercialization of our stents will depend, in part, on the extent to which third-party reimbursement is available from government health administration authorities, private health care insurers and other health-care funding organizations. Some element of price control over medical devices exists in most major markets and third party reimbursement is highly variable and complex. There is increasing pressure by governments worldwide to contain health care costs by limiting both the coverage and the level of reimbursement for therapeutic products and by refusing, in some cases, to provide any coverage for products that have not been approved by the relevant regulatory agency. There can be no assurance that health administration or third party coverage will allow any potential licensee or us to achieve pricing that provides an appropriate return on such licensees' or our investment. If any potential licensee fails to achieve such pricing, it may de-emphasize or cease to commercialize our products, which could have a material adverse effect on our business and results of operations.

We may be exposed to product liability claims and insurance may not be sufficient to cover these claims.

We may be exposed to product liability claims based on the use of any of our products, or products incorporating our licensed technology, in clinical trials. We may also be exposed to product liability claims based on the sale of any such products following the receipt of regulatory approval. Product liability claims could be asserted directly by consumers, health-care providers or others. We have obtained product liability insurance coverage; however such insurance may not provide full coverage for our future clinical trials, products to be sold, and other aspects of our business. We also have liability insurance for our ongoing clinical trial in Europe. Insurance coverage is becoming increasingly expensive and we may not be able to maintain current coverages, or expand our insurance coverage to include future clinical trials or the sale of products incorporating our licensed technology if marketing approval is obtained for such products, at a reasonable cost or in sufficient amounts to protect against losses due to product liability or at all. A successful product liability claim or series of claims brought against us could result in judgments, fines, damages and liabilities that could have a material adverse effect on our business, financial condition and results of operations. We may incur significant expense investigating and defending these claims, even if they do not result in liability. Moreover, even if no judgments, fines, damages or liabilities are imposed on us, our reputation could suffer, which could have a material adverse effect on our business, financial condition and results of operations.

The successful management of operations depends on our ability to attract and retain talented personnel.

We depend on the expertise of our senior management and research personnel, including our chief executive officer, Ofir Paz, and president, Asher Holzer, each of whom would be difficult to replace. The loss of the services of any of our senior management could compromise our ability to achieve our objectives. Furthermore, recruiting and retaining qualified personnel will be crucial to future success. There can be no assurance that we will be able to attract and retain necessary personnel on acceptable terms given the competition among medical device, biotechnology, pharmaceutical and healthcare companies, universities and non-profit research institutions for experienced management, scientists, researchers, and sales and marketing and manufacturing personnel. If we are unable to attract, retain and motivate our key personnel, our operations may be jeopardized and our results of operations may be materially and adversely affected.

We are an international business, and we are exposed to various global and local risks that could have a material adverse effect on our financial condition and results of operations.

We operate globally and develop and manufacture products in our research and manufacturing facilities in multiple countries. Consequently, we face complex legal and regulatory requirements in multiple jurisdictions, which may expose us to certain financial and other risks. International sales and operations are subject to a variety of risks, including:

- foreign currency exchange rate fluctuations;
- greater difficulty in staffing and managing foreign operations;
- greater risk of uncollectible accounts;
- longer collection cycles;
- logistical and communications challenges;
- potential adverse changes in laws and regulatory practices, including export license requirements, trade barriers, tariffs and tax laws;
- changes in labor conditions;
- burdens and costs of compliance with a variety of foreign laws;
- political and economic instability;
- increases in duties and taxation;
- foreign tax laws and potential increased costs associated with overlapping tax structures;
- greater difficulty in protecting intellectual property; and
- general economic and political conditions in these foreign markets.

International markets are also affected by economic pressure to contain reimbursement levels and healthcare costs. Profitability from international operations may be limited by risks and uncertainties related to regional economic conditions, regulatory and reimbursement approvals, competing products, infrastructure development, intellectual property rights protection and our ability to implement our overall business strategy. We expect these risks will increase as we pursue our strategy to expand operations into new geographic markets. We may not succeed in developing and implementing effective policies and strategies in each location where we conduct business. Any failure to do so may harm our business, results of operations and financial condition.

We intend to design the protocol of our planned pivotal U.S. clinical trial for our MGuard Prime™ stent based in part on prior clinical trials that used different stents. The results of these prior clinical trials may not be indicative of the clinical results we would obtain for our U.S. pivotal clinical trial.

We intend to commercialize our technology in the United States in the form of our MGuard Prime™ stent, which is a cobalt-chromium stent covered with a polymer mesh. We have only limited clinical data on our MGuard™ Coronary with bio-stable mesh stent, which we derived from the MGuard™ Coronary with bio-stable mesh study. We intend to design the protocol for our planned United States pivotal clinical trial based on the results of prior clinical trials. This trial is being designed in large part based on the results of our MGuard™ Coronary with bio-stable mesh study.

We have limited manufacturing capabilities and manufacturing personnel, and if our manufacturing facilities are unable to provide an adequate supply of products, our growth could be limited and our business could be harmed.

We currently manufacture our MGuard™ stent at our facilities in Tel Aviv, Israel, and we have contracted with QualiMed, a German manufacturer, to assist in production. If there were a disruption to our existing manufacturing facility, we would have no other means of manufacturing our MGuard™ stent until we were able to restore the manufacturing capability at our facility or develop alternative manufacturing facilities. If we were unable to produce sufficient quantities of our MGuard™ stent for use in our current and planned clinical trials, or if our manufacturing process yields substandard stents, our development and commercialization efforts would be delayed.

We currently have limited resources, facilities and experience to commercially manufacture our product candidates. In order to produce our MGuard™ stent in the quantities that we anticipate will be required to meet anticipated market demand, we will need to increase, or "scale up," the production process by a significant factor over the current level of production. There are technical challenges to scaling-up manufacturing capacity, and developing commercial-scale manufacturing facilities will require the investment of substantial additional funds and hiring and retaining additional management and technical personnel who have the necessary manufacturing experience. We may not successfully complete any required scale-up in a timely manner or at all. If unable to do so, we may not be able to produce our MGuard™ stent in sufficient quantities to meet the requirements for the launch of the product or to meet future demand, if at all. If we develop and obtain regulatory approval for our MGuard™ stent and are unable to manufacture a sufficient supply of our MGuard™ stent, our revenues, business and financial prospects would be adversely affected. In addition, if the scaled-up production process is not efficient or produces stents that do not meet quality and other standards, our future gross margins may decline.

In addition, while we have validated our manufacturing process for consistency, we have experienced drug release kinetic variability within and between manufacturing lots, and we may experience similar issues in the future. Manufacturing lot variability may result in unfavorable clinical trial results.

Additionally, any damage to or destruction of our Tel Aviv facilities or its equipment, prolonged power outage or contamination at our facility would significantly impair our ability to produce MGuard™ stents.

Our manufacturing facilities and the manufacturing facilities of our suppliers must comply with applicable regulatory requirements. If we fail to achieve regulatory approval for these manufacturing facilities, our business and results of operations would be harmed.

Completion of our clinical trials and commercialization of our product candidates requires access to, or the development of, manufacturing facilities that meet applicable regulatory standards to manufacture a sufficient supply of our products. The FDA and other regulatory bodies must approve facilities that manufacture our products for commercial purposes, as well as the manufacturing processes and specifications for the product. Suppliers of components of, and products used to manufacture our products, must also comply with FDA and foreign regulatory requirements, which often require significant time, money and record-keeping and quality assurance efforts and subject our and our suppliers to potential regulatory inspections and stoppages. Our suppliers may not satisfy these requirements. If we or our suppliers do not achieve the required regulatory approval for our manufacturing operations, our commercialization efforts could be delayed, which would harm our business and results of operations.

Quality issues in our manufacturing processes could delay clinical development and commercialization efforts.

The production of our MGuard™ stent must occur in a highly controlled, clean environment to minimize particles and other yield and quality-limiting contaminants. In spite of stringent quality controls, weaknesses in process control or minute impurities in materials may cause a substantial percentage of defective products in a lot. If we are unable to maintain stringent quality controls, or if contamination problems arise, our clinical development and commercialization efforts could be delayed, which would harm our business and results of operations.

If we fail to obtain an adequate level of reimbursement for our products by third party payors, there may be no commercially viable markets for our product candidates or the markets may be much smaller than expected.

The availability and levels of reimbursement by governmental and other third party payors affect the market for our product candidates. The efficacy, safety, performance and cost-effectiveness of our product candidates and of any competing products will determine the availability and level of reimbursement. Reimbursement and healthcare payment systems in international markets vary significantly by country, and include both government sponsored healthcare and private insurance. To obtain reimbursement or pricing approval in some countries, we may be required to produce clinical data, which may involve one or more clinical trials, that compares the cost-effectiveness of our products to other available therapies. We may not obtain international reimbursement or pricing approvals in a timely manner, if at all. Our failure to receive international reimbursement or pricing approvals would negatively impact market acceptance of our products in the international markets in which those approvals are sought.

We believe that future reimbursement may be subject to increased restrictions both in the United States and in international markets. Future legislation, regulation or reimbursement policies of third party payors may adversely affect the demand for our products currently under development and limit our ability to sell our product candidates on a profitable basis. In addition, third party payors continually attempt to contain or reduce the costs of healthcare by challenging the prices charged for healthcare products and services. If reimbursement for our products is unavailable or limited in scope or amount or if pricing is set at unsatisfactory levels, market acceptance of our products would be impaired and future revenues, if any, would be adversely affected.

In the United States, our business could be significantly and adversely affected by recent healthcare reform legislation and other administration and legislative proposals.

The Patient Protection and Affordable Care Act and Health Care and Educational Reconciliation Act (the "Health Care Acts") were enacted into law in March 2010. Certain provisions of the Health Care Acts will not be effective for a number of years and there are many programs and requirements for which the details have not yet been fully established or consequences not fully understood, and it is unclear what the full impacts will be from the legislation. The legislation does levy a 2.3% excise tax on all U.S. medical device sales beginning in 2013. If we commence sales of our MGuard™ stent in the United States, this new tax may materially and adversely affect our business and results of operations. The legislation also focuses on a number of Medicare provisions aimed at improving quality and decreasing costs. It is uncertain at this point what negative unintended consequences these provisions will have on patient access to new technologies. The Medicare provisions include value-based payment programs, increased funding of comparative effectiveness research, reduced hospital payments for avoidable readmissions and hospital acquired conditions, and pilot programs to evaluate alternative payment methodologies that promote care coordination (such as bundled physician and hospital payments). Additionally, the provisions include a reduction in the annual rate of inflation for hospitals starting in 2011 and the establishment of an independent payment advisory board to recommend ways of reducing the rate of growth in Medicare spending. We cannot predict what healthcare programs and regulations will be ultimately implemented at the federal or state level in the United States, or the effect of any future legislation or regulation. However, any changes that lower reimbursements for our products or reduce medical procedure volumes could adversely affect our business and results of operations.

Many of our competitors are much larger than us, with significant resources and incentives to initiate litigation against us.

Based on the prolific litigation that has occurred in the stent industry and the fact that we may pose a competitive threat to some large and well-capitalized companies that own or control patents relating to stents and their use, manufacture and delivery, we believe that it is possible that one or more third parties will assert a patent infringement claim against the manufacture, use or sale of our MGuard™ stent based on one or more of these patents. It is also possible that a lawsuit asserting patent infringement and related claims may have already been filed against us of which we are not aware. A number of these patents are owned by very large and well-capitalized companies that are active participants in the stent market. As the number of competitors in the stent market grows, the possibility of patent infringement by us, or a patent infringement claim against us, increases.

These companies have maintained their position in the market by, among other things, establishing intellectual property rights relating to their products and enforcing these rights aggressively against their competitors and new entrants into the market. All of the major companies in the stent and related markets, including Boston Scientific, Johnson & Johnson and Medtronic, have been repeatedly involved in patent litigation relating to stents since at least 1997. The stent and related markets have experienced rapid technological change and obsolescence in the past, and our competitors have strong incentives to stop or delay the introduction of new products and technologies. We may pose a competitive threat to many of the companies in the stent and related markets. Accordingly, many of these companies will have a strong incentive to take steps, through patent litigation or otherwise, to prevent us from commercializing our products.

If we are unable to obtain and maintain intellectual property protection covering our products, others may be able to make, use or sell our products, which would adversely affect our revenue.

Our ability to protect our products from unauthorized or infringing use by third parties depends substantially on our ability to obtain and maintain valid and enforceable patents. Due to evolving legal standards relating to the patentability, validity and enforceability of patents covering medical devices and pharmaceutical inventions and the scope of claims made under these patents, our ability to enforce patents is uncertain and involves complex legal and factual questions. Accordingly, rights under any of our pending patents may not provide us with commercially meaningful protection for our products or afford a commercial advantage against our competitors or their competitive products or processes. In addition, patents may not be issued from any pending or future patent applications owned by or licensed to us, and moreover, patents that may be issued to us in the future may not be valid or enforceable. Further, even if valid and enforceable, our patents may not be sufficiently broad to prevent others from marketing products like ours, despite our patent rights.

The validity of our patent claims depends, in part, on whether prior art references exist that describe or render obvious our inventions as of the filing date of our patent applications. We may not have identified all prior art, such as U.S. and foreign patents or published applications or published scientific literature, that could adversely affect the patentability of our pending patent applications. For example, patent applications in the United States are maintained in confidence for up to 18 months after their filing. In some cases, however, patent applications remain confidential in the United States Patent and Trademark Office, or USPTO, for the entire time prior to issuance as a U.S. patent. Patent applications filed in countries outside the United States are not typically published until at least 18 months from their first filing date. Similarly, publication of discoveries in the scientific or patent literature often lags behind actual discoveries. Therefore, we cannot be certain that we were the first to invent, or the first to file patent applications relating to, our stent technologies. In the event that a third party has also filed a U.S. patent application covering our stents or a similar invention, we may have to participate in an adversarial proceeding, known as an interference, declared by the USPTO to determine priority of invention in the United States. It is possible that we may be unsuccessful in the interference, resulting in a loss of some portion or all of our position in the United States. The laws of some foreign jurisdictions do not protect intellectual property rights to the same degree as in the United States, and many companies have encountered significant difficulties in protecting and defending such rights in foreign jurisdictions. If we encounter such difficulties or are otherwise precluded from effectively protecting our intellectual property rights in foreign jurisdictions, our business prospects could be substantially harmed.

We may initiate litigation to enforce our patent rights on any patents issued on pending patent applications, which may prompt adversaries in such litigation to challenge the validity, scope or enforceability of our patents. If a court decides that such patents are not valid, not enforceable or of a limited scope, we may not have the right to stop others from using our inventions.

We also rely on trade secret protection to protect our interests in proprietary know-how and for processes for which patents are difficult to obtain or enforce. We may not be able to protect our trade secrets adequately. In addition, we rely on non-disclosure and confidentiality agreements with employees, consultants and other parties to protect, in part, trade secrets and other proprietary technology. These agreements may be breached and we may not have adequate remedies for any breach. Moreover, others may independently develop equivalent proprietary information, and third parties may otherwise gain access to our trade secrets and proprietary knowledge. Any disclosure of confidential data into the public domain or to third parties could allow competitors to learn our trade secrets and use the information in competition against us.

We depend on single-source suppliers for some of the components in our MGuard™ stent. The loss of such suppliers could delay our clinical trials or prevent or delay commercialization of our MGuard™ stent.

Some of the components of our products are currently provided by only one vendor, or a single-source supplier. We depend on QualiMed, which manufactures the body of the stent, as well as MeKo, BMT and SewFine for various important elements of our products. We may have difficulty obtaining similar components from other suppliers that are acceptable to the FDA or foreign regulatory authorities if it becomes necessary.

If we have to switch to a replacement supplier, we will face additional regulatory delays and the manufacture and delivery of our MGuard™ stent would be interrupted for an extended period of time, which would delay completion of our clinical trials or commercialization of our products. In addition, we will be required to obtain prior regulatory approval from the FDA or foreign regulatory authorities to use different suppliers or components that may not be as safe or as effective. As a result, regulatory approval of our products may not be received on a timely basis or at all.

If we are unable to manage our expected growth, we may not be able to commercialize our products, including our MGuard™ stent.

We intend to continue to rapidly expand operations and grow our research and development, product development and administrative operations and invest substantially in our manufacturing facilities. This expansion has and is expected to continue to place a significant strain on our management and operational and financial resources. In particular, the commencement of our planned pivotal clinical trial in the United States will consume a significant portion of management's time and our financial resources. To manage expected growth and to commercialize our MGuard™ stent, we will be required to improve existing, and implement new, operational and financial systems, procedures and controls and expand, train and manage our growing employee base. Our current and planned personnel, systems, procedures and controls may not be adequate to support our anticipated growth. If we are unable to manage our growth effectively, our business could be harmed.

Legislative or regulatory reform of the healthcare system may affect our ability to sell our products profitably.

In both the United States and certain foreign jurisdictions, there have been a number of legislative and regulatory proposals to change the regulatory and healthcare systems in ways that could impact our ability to sell our products profitably, if at all. In the United States in recent years, new legislation has been proposed at the federal and state levels that would effect major changes in the healthcare system. In addition, new regulations and interpretations of existing healthcare statutes and regulations are frequently adopted. The potential for adoption of these proposals affects or will affect our ability to raise capital, obtain additional collaborators and market our products. We expect to experience pricing pressures in connection with the future sale of our products due to the trend toward managed health care, the increasing influence of health maintenance organizations and additional legislative proposals. Our results of operations could be adversely affected by future healthcare reforms.

Our strategic business plan may not produce the intended growth in revenue and operating income.

Our strategies include making significant investments in sales and marketing programs to achieve revenue growth and margin improvement targets. If we do not achieve the expected benefits from these investments or otherwise fail to execute on our strategic initiatives, we may not achieve the growth improvement we are targeting and our results of operations may be adversely affected.

In addition, as part of our strategy for growth, we may make acquisitions and enter into strategic alliances such as joint ventures and joint development agreements. However, we may not be able to identify suitable acquisition candidates, complete acquisitions or integrate acquisitions successfully, and our strategic alliances may not prove to be successful. In this regard, acquisitions involve numerous risks, including difficulties in the integration of the operations, technologies, services and products of the acquired companies and the diversion of management's attention from other business concerns. Although our management will endeavor to evaluate the risks inherent in any particular transaction, there can be no assurance that we will properly ascertain all such risks. In addition, acquisitions could result in the incurrence of substantial additional indebtedness and other expenses or in potentially dilutive issuances of equity securities. There can be no assurance that difficulties encountered with acquisitions will not have a material adverse effect on our business, financial condition and results of operations.

We may have violated Israeli securities law.

We may have violated section 15 of the Israeli Security Law 1968 (the "ISL"). Section 15 to the ISL requires the filing of a prospectus with the Israel Security Authority (the "ISA") and the delivery thereof to purchasers in connection with an offer or sale of securities to more than 35 parties during any 12 month period. We allegedly issued securities to more than 35 investors during certain 12-month periods, ending in October 2008. We filed an application for "No action" with the ISA in connection with the foregoing. To date, the ISA has not provided any response to such application. A failure to receive "No action" relief could expose us to fines and other remedies that could be detrminental to us.

We will need to raise additional capital to meet our business requirements in the future and such capital raising may be costly or difficult to obtain and could dilute current stockholders' ownership interests.

We will need to raise additional capital in the future, which may not be available on reasonable terms or at all. We raised approximately $9,681,000 million in the Private Placement, and we expect that such proceeds, together with our income, will be insufficient to fully realize all of our business objectives. For instance, we will need to raise additional funds to accomplish the following:

- pursuing growth opportunities, including more rapid expansion;
- acquiring complementary businesses;
- making capital improvements to improve our infrastructure;
- hiring qualified management and key employees;
- developing new services, programming or products;
- responding to competitive pressures;
- complying with regulatory requirements such as licensing and registration; and
- maintaining compliance with applicable laws.

Any additional capital raised through the sale of equity or equity backed securities may dilute current stockholders' ownership percentages and could also result in a decrease in the market value of our equity securities.

The terms of any securities issued by us in future capital transactions may be more favorable to new investors, and may include preferences, superior voting rights and the issuance of warrants or other derivative securities, which may have a further dilutive effect on the holders of any of our securities then outstanding.

Furthermore, any additional debt or equity financing that we may need may not be available on terms favorable to us, or at all. If we are unable to obtain such additional financing on a timely basis, we may have to curtail our development activities and growth plans and/or be forced to sell assets, perhaps on unfavorable terms, which would have a material adverse effect on our business, financial condition and results of operations, and ultimately could be forced to discontinue our operations and liquidate, in which event it is unlikely that stockholders would receive any distribution on their shares. Further, we may not be able to continue operating if we do not generate sufficient revenues from operations needed to stay in business.

In addition, we may incur substantial costs in pursuing future capital financing, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. We may also be required to recognize non-cash expenses in connection with certain securities we issue, such as convertible notes and warrants, which may adversely impact our financial condition.

Risks Related to Our Organization and Our Common Stock

As a result of the Share Exchange, we became a company that is subject to the reporting requirements of federal securities laws, which can be expensive and may divert resources from other projects, thus impairing our ability to grow.

As a result of the Share Exchange, we became a public reporting company and, accordingly, subject to the information and reporting requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and other federal securities laws, including compliance with the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"). The costs of preparing and filing annual and quarterly reports, proxy statements and other information with the Securities and Exchange Commission (including reporting of the Share Exchange) and furnishing audited reports to stockholders will cause our expenses to be higher than they would have been if we remained privately held and did not consummate the Share Exchange.

If we fail to establish and maintain an effective system of internal control, we may not be able to report our financial results accurately or to prevent fraud. Any inability to report and file our financial results accurately and timely could harm our reputation and adversely impact the trading price of our common stock.

It may be time consuming, difficult and costly for us to develop and implement the internal controls and reporting procedures required by the Sarbanes-Oxley Act. We may need to hire additional financial reporting, internal controls and other finance personnel in order to develop and implement appropriate internal controls and reporting procedures. Effective internal control is necessary for us to provide reliable financial reports and prevent fraud. If we cannot provide reliable financial reports or prevent fraud, we may not be able to manage our business as effectively as we would if an effective control environment existed, and our business and reputation with investors may be harmed. In addition, if we are unable to comply with the internal controls requirements of the Sarbanes-Oxley Act, then we may not be able to obtain the independent accountant certifications required by such act, which may preclude us from keeping our filings with the Securities and Exchange Commission current and may adversely affect any market for, and the liquidity of, our common stock.

Public company compliance may make it more difficult for us to attract and retain officers and directors.

The Sarbanes-Oxley Act and new rules subsequently implemented by the Securities and Exchange Commission have required changes in corporate governance practices of public companies. As a public company, we expect these new rules and regulations to increase our compliance costs and to make certain activities more time consuming and costly. As a public company, we also expect that these new rules and regulations may make it more difficult and expensive for us to obtain director and officer liability insurance in the future and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for us to attract and retain qualified persons to serve on our board of directors or as executive officers.

Because we became public by means of a reverse merger, we may not be able to attract the attention of major brokerage firms.

There may be risks associated with us becoming public through a "reverse merger". Securities analysts of major brokerage firms may not provide coverage of us since there is no incentive to brokerage firms to recommend the purchase of our common stock. No assurance can be given that brokerage firms will, in the future, want to conduct any secondary offerings on our behalf.

Our stock price may be volatile.

The market price of our common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control, including the following:

- changes in our industry;
- competitive pricing pressures;
- our ability to obtain working capital financing;
- additions or departures of key personnel;
- limited "public float" in the hands of a small number of persons whose sales or lack of sales could result in positive or negative pricing pressure on the market price for our common stock;
- sales of our common stock;
- our ability to execute our business plan;
- operating results that fall below expectations;
- loss of any strategic relationship;
- regulatory developments;
- economic and other external factors; and
- period-to-period fluctuations in our financial results.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

Our securities are restricted securities with limited transferability.

Our securities should be considered a long-term, illiquid investment. Our common stock has not been registered under the Securities Act, and cannot be sold without registration under the Securities Act or any exemption from registration. In addition, our common stock is not registered under any state securities laws that would permit its transfer. Because of these restrictions, a stockholder will likely find it difficult to liquidate an investment in our common stock.

We are subject to penny stock rules which will make the shares of our common stock more difficult to sell.

We are subject to the Securities and Exchange Commission's "penny stock" rules since our shares of common stock sell below $5.00 per share. Penny stocks generally are equity securities with a per share price of less than $5.00. The penny stock rules require broker-dealers to deliver a standardized risk disclosure document prepared by the Securities and Exchange Commission which provides information about penny stocks and the nature and level of risks in the penny stock market. The broker-dealer must also provide the customer with current bid and offer quotations for the penny stock, the compensation of the broker-dealer and its salesperson, and monthly account statements showing the market value of each penny stock held in the customer's account. The bid and offer quotations, and the broker-dealer and salesperson compensation information must be given to the customer orally or in writing prior to completing the transaction and must be given to the customer in writing before or with the customer's confirmation.

In addition, the penny stock rules require that prior to a transaction the broker-dealer must make a special written determination that the penny stock is a suitable investment for the purchaser and receive the purchaser's written agreement to the transaction. The penny stock rules are burdensome and may reduce purchases of any offerings and reduce the trading activity for shares of our common stock. As long as our shares of common stock are subject to the penny stock rules, the holders of such shares of common stock may find it more difficult to sell their securities.

Our shares of common stock are very thinly traded, and the price may not reflect our value and there can be no assurance that there will be an active market for our shares of common stock in the future.

Our shares of common stock are thinly traded. Due to the illiquidity, the market price may not accurately reflect our relative value. There can be no assurance that there will be an active market for our shares of common stock either now or in the future. Investors may not be able to liquidate their investment or liquidate it at a price that reflects the value of the business. If a more active market should develop, the price may be highly volatile. Because there may be a low price for our shares of common stock, many brokerage firms may not be willing to effect transactions in the securities. Even if an investor finds a broker willing to effect a transaction in the shares of our common stock, the combination of brokerage commissions, transfer fees, taxes, if any, and any other selling costs may exceed the selling price. Further, many lending institutions will not permit the use of such shares of common stock as collateral for a loans.

We may apply the proceeds of the Private Placement to uses that ultimately do not improve our operating results or increase the price of our common stock.

We intend to use $1,000,000 of the net proceeds from the Private Placement to complete the Dr. Gregg Stone-Dr. Alexandre Abizaid trials, $7,600,000 for the FDA trials with Harvard Clinical Research Institute and the remainder for general corporate purposes. However, our management has broad discretion in how we actually use these proceeds. These proceeds could be applied in ways that do not ultimately improve our operating results or otherwise increase the value of our common stock.

We may need additional financing which may not be available on acceptable terms, which may in turn dilute your investment in us.

Our future capital requirements will depend on many factors including but not limited to: continued market acceptance of our services; competitive pressure on the price of our products; the extent to which we invest in new locations, develop new relationships with producers of polymers and chemicals as well as consumers of polymers and chemicals; and the response of competitors to our products. We believe that the existing cash balances, including the net proceeds from the Private Placement, and funds generated from operations will provide us with sufficient funds to finance our operations for the foreseeable future. To the extent that our current funds, together with existing resources, are insufficient to fund our activities over the long-term, we may need to raise additional funds through equity or debt financing or from other sources. The sale of additional equity or convertible debt may result in additional dilution to our stockholders and such securities may have rights, preferences or privileges senior to those of the common stock. To the extent that we rely upon debt financing, we will incur the obligation to repay the funds borrowed with interest and may become subject to covenants and restrictions that restrict operating flexibility. No assurance can be given that additional equity or debt financing will be available or that, if available, it can be obtained on terms favorable to us or our stockholders. Failure to obtain necessary financing could have a material adverse effect on our business, financial condition and results of operations.

Our board of directors can authorize the issuance of preferred stock, which could diminish the rights of holders of our common stock, and make a change of control of us more difficult even if it might benefit our stockholders.

Our board of directors is authorized to issue shares of preferred stock in one or more series and to fix the voting powers, preferences and other rights and limitations of the preferred stock. Accordingly, we may issue shares of preferred stock with a preference over our common stock with respect to dividends or distributions on liquidation or dissolution, or that may otherwise adversely affect the voting or other rights of the holders of common stock. Issuances of preferred stock, depending upon the rights, preferences and designations of the preferred stock, may have the effect of delaying, deterring or preventing a change of control, even if that change of control might benefit our stockholders.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information as of March 31, 2011 regarding the beneficial ownership of our common stock, taking into account the consummation of the Share Exchange and the closing of the Private Placement, by (i) each person or entity who, to our knowledge, beneficially owns more than 5% of our common stock; (ii) each executive officer; (iii) each director; and (iv) all of our officers and directors as a group. Unless otherwise indicated in the footnotes to the following table, each of the stockholders named in the table has sole voting and investment power with respect to the shares of our common stock beneficially owned. Except as otherwise indicated, the address of each of the stockholders listed below is: c/o InspireMD Ltd., 3 Menorat Hamor Street, Tel Aviv, Israel.

Name of Beneficial Owner	Number of Shares Beneficially Owned [(1)]	Percentage Beneficially Owned [(2)]
Ofir Paz	10,263,752	16.3%
Asher Holzer	10,300,437	16.3%
Craig Shore	0	0
Bary Oren	365,223	0.6%
Eli Bar	838,658	1.3%
All officers and directors as a group (5 persons)	21,768,070	34.5%

(1) Unless otherwise indicated, includes shares owned by a spouse, minor children, and relatives sharing the same home, as well as entities owned or controlled by the named beneficial owner. Shares of common stock beneficially owned and the respective percentages of beneficial ownership of common stock assumes the exercise of all options, warrants and other securities convertible into common stock beneficially owned by such person or entity currently exercisable or exercisable within 60 days of March 31, 2011. Shares issuable pursuant to the exercise of stock options and warrants exercisable within 60 days are deemed outstanding and held by the holder of such options or warrants for computing the percentage of outstanding common stock beneficially owned by such person, but are not deemed outstanding for computing the percentage of outstanding common stock beneficially owned by any other person.

(2) Based on 63,120,665 shares of our common stock outstanding immediately following the Share Exchange and Private Placement.

Executive Officers and Directors

The following persons became our executive officers and directors on March 31, 2011, upon the effectiveness of the Share Exchange, and hold the positions set forth opposite their respective names.

Name	Age	Position
Ofir Paz	45	Chief Executive Officer and Director
Asher Holzer, PhD	61	President and Chairman of the Board of Directors
Craig Shore	49	Chief Financial Officer, Secretary and Treasurer
Eli Bar	46	Senior Vice President of Research and Development and Chief Technical Officer of InspireMD
Bary Oren	37	Chief Financial Officer of Operations of InspireMD

Our directors hold office until the earlier of their death, resignation or removal by stockholders or until their successors have been qualified. Our directors are divided into three classes. Ofir Paz is our class 1 director, with his term of office to expire at our 2012 annual meeting of stockholders. Asher Hozer is our class 2 director, with his term of office to expire at our 2013 annual meeting of stockholders. We currently do not have a class 3 director. At each annual meeting of stockholders, commencing with the 2012 annual meeting, directors elected to succeed those directors whose terms expire shall be elected for a term of office to expire at the third succeeding annual meeting of stockholders after their election, with each director to hold office until his or her successor shall have been duly elected and qualified.

Our officers are elected annually by, and serve at the pleasure of, our board of directors.

Executive Officers and Directors

Ofir Paz has served as our chief executive officer and a director since the consummation of the Share Exchange on March 31, 2011. In addition, Mr. Paz has served as the chief executive officer and a director of InspireMD since May 2005. From April 2000 through July 2002, Mr. Paz headed the Microsoft TV Platform Group in Israel. In this capacity, Mr. Paz managed the overall activities of Microsoft TV Access Channel Server, a server-based solution for delivering interactive services and Microsoft Windows-based content to digital cable set-top boxes. Mr. Paz joined Microsoft in April 2000 when it acquired Peach Networks, which he founded and served as its chief executive officer. Mr. Paz was responsible for designing Peach Networks' original system architecture, taking it from product design to a viable product, and then managing and leading the company up to and after its acquisition, which was valued at approximately $100 million at the time of such acquisition. Mr. Paz currently serves on the board of directors of A. S. Paz Investment and Management Ltd., S.P. Market Windows Israel Ltd. and Peach Networks Ltd. Mr. Paz received a B.Sc. in Electrical Engineering, graduating cum laude, and a M.Sc. from Tel Aviv University in 1993 and 1997, respectively.

Asher Holzer, PhD , has served as our president and chairman of the board since the consummation of the Share Exchange on March 31, 2011. In addition, Dr. Holzer has served as the president and chairman of the board of InspireMD since April 2007. Dr. Holzer has more than 25 years of experience in advanced medical devices. His expertise covers a wide range of activities, including product development, clinical studies, regulatory affairs, market introduction, and the financial aspects of the stent business. Previously, Dr. Holzer founded Adar Medical, an investment firm specializing in medical device startups, and served as its chief executive officer from 2002 through 2004. Dr. Holzer currently serves on the board of directors of Adar Medical Ltd., O.S.H.-IL The Israeli Society of Occupational Safety and Health Ltd., Ultra-Cure Ltd., GR-Ed Investment and Enterprise Ltd., Vasculogix Ltd., Theracoat Ltd., Cuber Stent Ltd., 2to3D Ltd., and S.P. Market Windows Cyprus. Dr. Holzer earned his PhD in Applied Physics from the Hebrew University in 1980. Dr. Holzer is also an inventor and holder of numerous patents.

Craig Shore has served as our chief financial officer, secretary and treasurer since the consummation of the Share Exchange on March 31, 2011. In addition, since November 10, 2010, Mr. Shore has served as InspireMD's vice president of business development. From February 2008 through June 2009, Mr. Shore served as chief financial officer of World Group Capital Ltd., and Nepco Star Ltd. both publicly traded companies on the Tel Aviv Stock Exchange, based in Tel Aviv, Israel. From March 2006 until February 2008, Mr. Shore served as the chief financial officer of Cellnets Solutions Ltd., a provider of advanced cellular public telephony solutions for low to middle income populations of developing countries based in Azur, Israel. Mr. Shore has over 25 years of experience in financial management in the United States, Europe and Israel. His experience includes raising capital both in the private and public markets. Mr. Shore graduated with honors and received a B.Sc. in Finance from Pennsylvania State University and an M.B.A. from George Washington University in 1983 and 1988, respectively.

Eli Bar has served as InspireMD's senior vice president of research and development and chief technical officer since February 2011. Prior to that, he served as InspireMD's vice president of research and development since October 2006 and engineering manager since June 2005. Mr. Bar has over 15 years experience in medical device product development. Mr. Bar has vast experience building a complete research and development structure, managing teams from the idea stage to an advanced marketable product. He has been involved with many medical device projects over the years and has developed a synthetic vascular graft for femoral and coronary artery replacement, a covered stent, and a fully implantable Ventricular Assist Device. Mr. Bar has more than nine filed device and method patents and he has initiated two medical device projects. Mr. Bar is also a director of Blue Surgical Ltd., a medical device company based in Israel. Mr. Bar graduated from New Haven University in Connecticut in 1996 with a B.Sc. in Mechanical Engineering.

Bary Oren has served as InspireMD's chief financial officer since September 2009. During June 2006 through July 2009, he served as the chief financial officer of Peninsula Financial Limited, a commercial finance institution which provides factoring services and creative cash-flow solutions for businesses. Mr. Oren led the company's efforts to raise funds from investors as well as from the public on the Tel-Aviv Stock Exchange. From March 2004 through June 2006, Mr. Oren served as chief financial officer and vice president of business development of Bankrate Limited, a consulting firm which provides financial management services. Prior to 2004, Mr. Oren served as an auditor and financial advisor in several accounting firms, including PricewaterhouseCoopers Israel. Mr. Oren is a CPA and graduated from Tel Aviv University with degrees in Accounting and Economics and an MBA in 1999 and 2003, respectively.

Agreements with Executive Officers

Ofir Paz

On April 1, 2005, InspireMD entered into an employment agreement with Ofir Paz to serve as InspireMD's chief executive officer. Such employment agreement was subsequently amended on October 1, 2008 and March 28, 2011. Pursuant to this employment agreement, as amended, Mr. Paz is entitled to a monthly gross salary of NIS 55,000. Mr. Paz is also entitled to certain social and fringe benefits as set forth in the employment agreement, which total 25% of his gross salary, as well as a company car. Mr. Paz is also entitled to a minimum bonus equivalent to three monthly gross salaries based on achievement of objectives and board of directors approval. Mr. Paz is eligible to receive stock options pursuant to this agreement following its six month anniversary, subject to board approval. If Mr. Paz's employment is terminated with or without cause, he is entitled to at least six months' prior notice and shall be paid his salary and all social and fringe benefits in full during such notice period. If Mr. Paz's employment is terminated without cause, Mr. Paz shall also be entitled to certain severance payments equal to the total amount that was contributed to and accumulated in his severance payment fund. 8.33% of Mr. Paz's gross monthly salary is transferred to his severance payment fund each month. The total amount accumulated in his severance payment fund as of Dec. 31, 2010 was approximately $79,000.

This summary description of the Mr. Paz's employment agreement is qualified in its entirety by reference to such employment agreement, as amended, attached hereto as Exhibits 10.14, 10.15 and 10.16.

Asher Holzer

On April 1, 2005, InspireMD entered into an employment agreement with Dr. Asher Holzer to serve as InspireMD's president. Such employment agreement was subsqeuntly amended on March 28, 2011. Pursuant to this employment agreement, as amended, Dr. Holzer is entitled to a monthly gross salary of NIS 55,000. Dr. Hozer is also entitled to certain social and fringe benefits as set forth in the employment agreement, which total 25% of his gross salary, as well as a company car. Dr. Holzer is also entitled to a minimum bonus equivalent to three monthly gross salaries based on achievement of objectives and board of directors approval. Dr. Holzer is eligible to receive stock options pursuant to this agreement following its six month anniversary, subject to board approval. If Dr. Holzer's employment is terminated with or without cause, he is entitled to at least six months' prior notice and shall be paid his salary and all social and fringe benefits in full during such notice period. If Dr. Holzer's employment is terminated without cause, Dr. Holzer shall also be entitled to certain severance payments equal to the total amount that was contributed to and accumulated in his severance payment fund. 8.33% of Dr. Holzer's gross monthly salary is transferred to his severance payment fund each month. The total amount accumulated in his severance payment fund as of Dec. 31, 2010 was approximately $77,000.

This summary description of the Dr. Holzer's employment agreement is qualified in its entirety by reference to such employment agreement attached hereto as Exhibits 10.17 and 10.18.

Eli Bar

On June 26, 2005, InspireMD entered into an employment agreement with Eli Bar to serve as InspireMD's engineering manager. Pursuant to this employment agreement, Mr. Bar is entitled to a monthly gross salary of NIS 30,000. Mr. Bar is also entitled to certain social and fringe benefits as set forth in the employment agreement including a company car. If Mr. Bar's employment is terminated without cause, he is entitled to at least 60 days' prior notice and shall be paid his salary in full and all social and fringe benefits during such notice period. If Mr. Bar's employment is terminated without cause, Mr. Bar shall also be entitled to certain severance payments equal to the product obtained by multiplying the number of months Mr. Bar was employed by us by 8.33% of his current monthly salary.

This summary description of the Mr. Bar's employment agreement is qualified in its entirety by reference to such employment agreement attached hereto as Exhibit 10.19.

Bary Oren

On August 25, 2009, InspireMD entered into an employment agreement with Bary Oren to serve as InspireMD's director of finance. Pursuant to this employment agreement, Mr. Oren is entitled to a monthly gross salary of NIS 33,600. Mr. Oren is also entitled to certain social and fringe benefits as set forth in the employment agreement. InspireMD can terminate Mr. Oren for cause with at least 60 days' prior written notice. If Mr. Oren's employment is terminated, he shall be paid his salary in full and all social and fringe benefits during such notice period. If Mr. Oren's employment is terminated without cause, Mr. Oren shall also be entitled to certain severance payments equal to the product obtained by multiplying the number of months Mr. Oren was employed by InspireMD by 8.33% of his gross monthly salary.

This summary description of the Mr. Oren's employment agreement is qualified in its entirety by reference to such employment agreement attached hereto as Exhibit 10.20.

Craig Shore

On November 28, 2010, InspireMD entered into an employment agreement with Craig Shore to serve as InspireMD's vice president of business development. Pursuant to this employment agreement, Mr. Shore is entitled to a monthly gross salary of NIS 30,000. Upon completion of the Share Exchange, Mr. Shore became entitled to a monthly gross salary of NIS 35,000. Mr. Shore is also entitled to certain social and fringe benefits as set forth in the employment agreement. Mr. Shore is also entitled to a grant of options to purchase 45,000 restricted ordinary shares of InspireMD; provided that such restricted options shall fully vest if Mr. Shore's employment is terminated in connection with a change of control. If Mr. Shore's employment is terminated without cause during the first six months of Mr. Shore's employment, he is entitled to at least 14 days' prior notice and shall be paid his salary in full and all social and fringe benefits during such notice period. If Mr. Shore's employment is terminated without cause after the first six months of Mr. Shore's employment, he is entitled to at least 30 days' prior notice and shall be paid his salary in full and all social and fringe benefits during such notice period. If a major change of control of InspireMD occurs (not including the Share Exchange), Mr. Shore will be entitled to at least 180 days' prior written notice and shall be paid his salary in full and all social and fringe benefits during such notice period. If Mr. Shore is terminated with cause, he is not entitled to any notice.

In addition, if Mr. Shore's employment is terminated without cause, Mr. Shore shall also be entitled to certain severance payments equal to the product obtained by multiplying the number of months Mr. Shore was employed by InspireMD by 8.33% of his gross monthly salary.

This summary description of the Mr. Shore's employment agreement is qualified in its entirety by reference to such employment agreement attached hereto as Exhibit 10.21.

Executive Compensation

Summary Compensation Table

The table below sets forth, for our last two fiscal years, the compensation earned by (i) Ofir Paz, our chief executive officer, (ii) Asher Holzer, our president and chairman of the board, (iii) Eli Bar, InspireMD's vice president of research and development, and (iv) Bary Oren, InspireMD's director of finance.

Name and Principal Position	Year	Salary ($) [1]	Bonus ($) [1]	Option Awards [2]	All Other Compensation ($) [1]	Total ($) [1]
Ofir Paz [3]						
Chief Executive Officer	2010	118,700	-	-	78,515	197,214
	2009	104,301	-	-	57,755	162,057
Asher Holzer [3]						
President and Chairman	2010	122,412	-	-	74,813	197,225
	2009	106,879			55,177	162,056
Eli Bar						
Vice President, Research and Development	2010	111,667	-	818,509	-	930,176
	2009	106,001	-	-	-	106,001
Bary Oren						
Director of Finance	2010	114,780	-	495,962	-	610,742
	2009	25,592	-	100,000	-	125,592
Behar Shmuel						
Former Chief Financial Officer	2010	-				-
	2009	107,858				107,858

(1) Compensation amounts received in non-U.S. currency have been converted into U.S. dollars using the average exchange rate for the applicable year. The average exchange rate for 2010 was 3.7319 NIS per dollar and the average exchange rate for 2009 was 3.9228 NIS per dollar.

(2) The amounts in this column reflect the dollar amounts recognized for financial statement reporting purposes with respect to the years ended December 31, 2009 and 2010, in accordance with SFAS 123(R). For a description of SFAS 123(R) and the assumptions used in determining the value of the options, see the notes to the financial statements attached hereto pursuant to Item 9.01 of this Current Report on Form 8-K

(3) Both Mr. Paz and Dr. Holzer are directors but do not receive any additional compensation for their services as directors.

Outstanding Equity Awards at Fiscal Year-End

The following table shows information concerning unexercised options outstanding as of December 31, 2010 for each of our named executive officers.

Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Option exercise price ($)	Option expiration date ($)
Ofir Paz	-	-	-	-
Asher Holzer	-	-	-	-
Eli Bar	243,480	-	0.001	10/28/2016
	365,220	-	0.001	12/29/2016
	152,175	456,525	0.001	7/22/2020
	20,290	60,870	1.23	7/28/2020
Bary Oren	50,725	30,435	0.001	8/23/2019
	253,625	152,175	1.23 [1]	1/1/2020

(1) If we issue an option to buy our securities at a lower per share exercise price, then the per share exercise price applicable to these options shall be adjusted to the lowest per share exercise price of any subsequently issued options.

2010 Director Compensation

Name	Fees Earned or Paid in Cash	Option Awards [1][2]	All Other Compensation	Total
	$	$	$	$
David Ivry [3]	6,083	133,398	-	139,481
Robert Fischell [3]	3,783	- [4]	-	3,783
Fellice Pelled [3]	5,885	133,398	-	139,283

(1) Based on the fair market value of the stock awards on the date of grant.
(2) The following directors own the following number of fully vested options to purchase common stock: David Ivry (162,320) and Fellice Pelled (162,320).
(3) Each of David Ivry, Robert Fischell and Fellice Pelled resigned as directors of InspireMD on March 31, 2011.
(4) We are currently obligated to issue to Robert Fischell options to purchase 162,320 shares of common stock.

Other than Mr. Paz and Dr. Holzer, we paid each director $330 per meeting for each board meeting attended and $1,230 for each quarter served on the board of directors. We also granted annually to each director options to purchase 81,160 shares of our common stock at an exercise price per share equal to the fair market value price per share of our common stock on the grant date. The options vest over four quarters from the grant date. During the fiscal year ended December 31, 2010, our directors received the compensation from us for their services as set forth in the table above.

Directors' and Officers' Liability Insurance

We currently have directors' and officers' liability insurance insuring our directors and officers against liability for acts or omissions in their capacities as directors or officers, subject to certain exclusions. Such insurance also insures us against losses which we may incur in indemnifying our officers and directors. In addition, we have entered into indemnification agreements with key officers and directors and such persons shall also have indemnification rights under applicable laws, and our certificate of incorporation and bylaws.

Code of Ethics

We intend to adopt a code of ethics that applies to our officers, directors and employees, including our principal executive officer and principal accounting officer, but have not done so to date due to our relatively small size. We intend to adopt a written code of ethics in the near future.

Board Committees

We expect our board of directors, in the future, to appoint an audit committee, nominating committee and compensation committee, and to adopt charters relative to each such committee. We intend to appoint such persons to committees of the board of directors as are expected to be required to meet the corporate governance requirements imposed by a national securities exchange, although we are not required to comply with such requirements until we elect to seek a listing on a national securities exchange. In addition, we intend that a majority of our directors will be independent directors, of which at least one director will qualify as an "audit committee financial expert," within the meaning of Item 407(d)(5) of Regulation S-K, as promulgated by the Securities and Exchange Commission. We do not currently have an "audit committee financial expert" since we currently do not have an audit committee in place.

Description of Capital Stock

Authorized Capital Stock

We have authorized 130,000,000 shares of capital stock, par value $0.0001 per share, of which 125,000,000 are shares of common stock and 5,000,000 are shares of "blank check" preferred stock.

Capital Stock Issued and Outstanding

After giving effect to the Share Exchange, the issuance of 6,454,002 shares of common stock in the Private Placement and the cancellation of 7,500,000 shares of common stock in the Split-Off, we have issued and outstanding securities on a fully diluted basis as follows:

- 63,120,665 shares of common stock;
- no shares of preferred stock;
- outstanding options to purchase up to an aggregate of 7,606,770 shares of common stock with a weighted average exercise price of approximately $0.54 per share; and
- Warrants to purchase up to an aggregate of 7,128,739 shares of common stock, of which (i) warrants to purchase 3,226,999 shares of common stock were issued to investors in the Private Placement at an exercise price of $1.80 per share, (ii) a warrant to purchase 373,740 shares of common stock was issued to the Placement Agent in connection with the Private Placement at an exercise price of $1.80 per share, (iii) a warrant to purchase 6,833 shares of common stock was issued to an employee in connection with the Private Placement at an exercise price of $1.80 per share, (iv) a warrant to purchase 6,667 shares of common stock was issued to a consultant in connection with the Private Placement at an exercise price of $1.80 per share, (v) warrants to purchase 1,014,500 shares of common stock exchanged for outstanding warrants held by the investors in the Bridge Financing at an exercise price of $1.23 per share, and (vi) warrants to purchase 2,500,000 shares of common stock were issued to certain consultants in consideration for consulting services at an exercise price of $1.50 per share.

Common Stock

The holders of our common stock are entitled to one vote per share. Our certificate of incorporation does not provide for cumulative voting. The holders of our common stock are entitled to receive ratably such dividends, if any, as may be declared by our board of directors out of legally available funds; however, the current policy of our board of directors is to retain earnings, if any, for operations and growth. Upon liquidation, dissolution or winding-up, the holders of our common stock are entitled to share ratably in all assets that are legally available for distribution. The holders of our common stock have no preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of any series of preferred stock, which may be designated solely by action of our board of directors and issued in the future.

Preferred Stock

Our board of directors is authorized, subject to any limitations prescribed by law, without further vote or action by our stockholders, to issue from time to time shares of preferred stock in one or more series. Each series of preferred stock will have such number of shares, designations, preferences, voting powers, qualifications and special or relative rights or privileges as shall be determined by our board of directors, which may include, among others, dividend rights, voting rights, liquidation preferences, conversion rights and preemptive rights.

Warrants

$1.80 Warrants

In connection with the Private Placement, on March 31, 2011, we issued investors five-year warrants to purchase up to an aggregate of 3,226,999 shares of common stock at an exercise price of $1.80 per share. We are prohibited from effecting the exercise of any such warrant to the extent that as a result of such exercise the holder of the exercised warrant beneficially owns more than 4.99% in the aggregate of the issued and outstanding shares of our common stock calculated immediately after giving effect to the issuance of shares of our common stock upon the exercise of the warrant. The warrants contain provisions that protect their holders against dilution by adjustment of the purchase price in certain events such as stock dividends, stock splits and other similar events. If at any time after the one year anniversary of the original issuance date of such warrants there is no effective registration statement registering, or no current prospectus available for, the resale of the shares of common stock underlying the warrant, then the holders of such warrants have the right to exercise the warrants by means of a cashless exercise. In addition, if (i) the volume-weighted average price of our common stock for 15 consecutive trading days is at least 250% of the exercise price of the warrants; (ii) the 20-day average daily trading volume of our common stock has been at least 175,000 shares; (iii) a registration statement providing for the resale of the common stock issuable upon exercise of the warrants is effective and (iv) the common stock is listed for trading on a national securities exchange, then we may require each investor to exercise all or a portion of its warrant pursuant to the terms described above within seven business days following the delivery of a notice of acceleration. Any warrant that is not exercised as aforesaid shall expire automatically at the end of such 7-day period.

Placement Agent Warrant

In connection with the Private Placement, we issued Palladium Capital Advisors, LLC a five-year warrant to purchase up to 373,740 shares of common stock at an exercise price of $1.80 per share. The terms of this warrant are identical to the $1.80 Warrants described above.

Employee Private Placement Warrant

In connection with the Private Placement, we issued Craig Shore, our chief financial officer, secretary and treasurer, a five-year warrant to purchase up to 6,833 shares of common stock at an exercise price of $1.80 per share. The terms of this warrant are identical to the $1.80 Warrants described above.

Consultant Private Placement Warrant

In connection with the Private Placement, we issued to a consultant, a five-year warrant to purchase up to 6,667 shares of common stock at an exercise price of $1.80 per share. The terms of this warrant are identical to the $1.80 Warrants described above.

$1.23 Warrants

In connection with the Share Exchange, on March 31, 2011, we issued certain investors warrants to purchase up to an aggregate of 1,014,500 shares of our common stock at an exercise price of $1.23 per share. These warrants may be exercised any time on or before July 20, 2013 and were issued in exchange for warrants to purchase up to 125,000 ordinary shares of InspireMD at an exercise price of $10 per share. We are prohibited from effecting the exercise of any such warrant to the extent that as a result of such exercise the holder of the exercised warrant beneficially owns more than 9.99% in the aggregate of the issued and outstanding shares of our common stock calculated immediately after giving effect to the issuance of shares of our common stock upon the exercise of the warrant. The warrants contain provisions that protect their holders against dilution by adjustment of the purchase price in certain events such as stock dividends, stock splits and other similar events. In addition, if at any time following the one year anniversary of the original issuance date of the warrants, (i) our common stock is listed for trading on a national securities exchange, (ii) the closing sales price of our common stock for 15 consecutive trading days is at least 165% of the exercise price of the warrants; (iii) the 15 day average daily trading volume of our common stock has been at least 150,000 shares and (iv) a registration statement providing for the resale of the common stock issuable upon exercise of the warrants is effective, then we may require each investor to exercise all or a portion of its warrant pursuant to the terms described above at any time upon at least 15 trading days prior written notice. Any warrant that is not exercised as aforesaid shall expire automatically at the end of the 15-day notice period.

This summary description of the warrants is qualified in its entirety by reference to the Form of $1.80 Warrant attached hereto as Exhibit 10.6 and the Form of $1.23 Warrant attached hereto as Exhibit 10.7.

$1.50 Consultant Warrants

In connection with the Share Exchange, on March 31, 2011, we issued Endicott Management Partners, LLC, The Corbran LLC and David Stefansky three-year warrants to purchase up to an aggregate of 2,500,000 shares of common stock at an exercise price of $1.50 per share. The terms of these warrants are identical to the $1.80 Warrants described above, except that the exercise price for the $1.50 Consultant Warrants is $1.50 per share.

Stock Options

2006 Employee Stock Option Plan

InspireMD previously adopted the Inspire M.D. Ltd. 2006 Employee Stock Option Plan (the “2006 Plan”) which provides for the granting of stock options to employees, officers, consultants, and directors. Under the 2006 Plan, 9,739,200 shares of common stock have been reserved for issuance under awards, and options to purchase 6,795,584 shares of common stock have been granted to date under the 2006 Plan. As further described below, upon the closing of the Share Exchange, we became the sponsor of the 2006 Plan, and the 2006 Plan became a sub-plan to the 2011 UMBRELLA Option Plan.

2011 UMBRELLA Option Plan

On March 28, 2011, our board of directors and stockholders adopted and approved the InspireMD, Inc. 2011 UMBRELLA Option Plan (the "2011 Umbrella Plan"). Under the 2011 Umbrella Plan, we reserved 9,468,100 shares of our common stock as awards to the employees, consultants, and service providers to InspireMD, Inc. and its subsidiaries and affiliates worldwide (the "Group"). The 2011 Umbrella Option Plan is filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 1, 2011.

The 2011 Umbrella Plan currently consists of three components, the primary plan document that governs all awards granted under the Plan, and two appendices: (i) Appendix A, designated for the purpose of grants of stock options to Israeli employees and officers of the Group and any other service providers who are subject to Israeli income tax, and (ii) Appendix B, which is the 2011 U.S. Equity Incentive Plan, designated for the purpose of grants of stock options and restricted stock awards to U.S. employees, consultants, and service providers who are subject to the U.S. income tax.

Upon the closing of the Share Exchange, we became the sponsor of the 2006 Plan and the 2006 Plan became a sub-plan under Appendix A to the 2011 Umbrella Plan. All outstanding option awards previously granted under the 2006 Plan will be treated as granted under the 2011 Umbrella Plan. Thus, all outstanding options to purchase ordinary shares of InspireMD (which are converted to options to purchase shares of common stock of Saguaro pursuant to the Exchange Agreement) will be converted to options to purchase shares of common stock of InspireMD, Inc.

The purpose of the 2011 Umbrella Plan is to provide an incentive to attract and retain employees, officers, consultants, directors, and service providers whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons in our development and financial success. The 2011 Umbrella Plan will be administered by our board of directors until such time as such authority has been delegated to a committee of the board of directors (the "Administrator"). Unless terminated earlier by the board of directors, the 2011 Umbrella Plan will expire on March 27, 2012.

The Administrator will determine the recipients of the awards and the number of shares of common stock subject to such awards. Subject to the terms of the 2011 Umbrella Plan, the terms and conditions of each award of options or restricted stock (for U.S. grants), including vesting conditions and the effect of a termination of service, will be determined by the Administrator. Awards granted pursuant to the 2011 Umbrella Plan will be evidenced by a written award agreement. The Administrator will interpret the 2011 Umbrella Plan and any awards granted under the plan and any such determination by the Administrator will be final and conclusive, unless otherwise determined by the board of directors.

To date, no awards have been granted pursuant to the 2011 Umbrella Plan, other than the awards to be assumed which were previously granted pursuant to the 2006 Plan, as described above.

Stock Options Issued Outside of the 2006 Plan and 2011 Umbrella Plan

In addition to the foregoing, we have granted options to purchase 811,186 shares of common stock outside of the 2006 Plan and the 2011 Umbrella Plan.

Commitments to Grant Stock Options

We currently have a commitment to issue options to purchase a maximum aggregate of 564,874 shares of common stock to five of our customers, contingent on such customers' achieving specified sales targets for 2011. We anticipate issuing these options pursuant to the 2011 Umbrella Plan.

We currently have a commitment to issue options to purchase a maximum aggregate of 271,886 shares of common stock to finders, employees and other consultants, subject to board approval. We anticipate issuing these options pursuant to the 2011 Umbrella Plan.

We currently have a commitment to issue options to purchase a maximum aggregate of 124,865 shares of common stock to certain recipients, subject to execution of the appropriate documentation by each recipient. We anticipate issuing these options pursuant to the 2011 Umbrella Plan.

Dividend Policy

We currently intend to use all available funds to develop our business and do not anticipate that we will pay dividends in the future. We can give no assurances that we will ever have excess funds available to pay dividends.

Indemnification of Directors and Officers

The Delaware General Corporation Law ("DGCL") provides, in general, that a corporation incorporated under the laws of the State of Delaware, such as us, may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding (other than a derivative action by or in the right of the corporation) by reason of the fact that such person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. In the case of a derivative action, a Delaware corporation may indemnify any such person against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification will be made in respect of any claim, issue or matter as to which such person will have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery of the State of Delaware or any other court in which such action was brought determines such person is fairly and reasonably entitled to indemnity for such expenses.

Our certificate of incorporation and bylaws provide that we will indemnify our directors, officers, employees and agents to the extent and in the manner permitted by the provisions of the DGCL, as amended from time to time, subject to any permissible expansion or limitation of such indemnification, as may be set forth in any stockholders' or directors' resolution or by contract.

We also have director and officer indemnification agreements with each of our executive officers and directors that provide, among other things, for the indemnification to the fullest extent permitted or required by Delaware law, provided that such indemnitee shall not be entitled to indemnification in connection with any "claim" (as such term is defined in the agreement) initiated by the indemnitee against us or our directors or officers unless we join or consent to the initiation of such claim, or the purchase and sale of securities by the indemnitee in violation of Section 16(b) of the Exchange Act.

Any repeal or modification of these provisions approved by our stockholders shall be prospective only, and shall not adversely affect any limitation on the liability of a director or officer of ours existing as of the time of such repeal or modification.

We are also permitted to apply for insurance on behalf of any director, officer, employee or other agent for liability arising out of his actions, whether or not the DGCL would permit indemnification. We currently have directors' and officers' liability insurance insuring our directors and officers against liability for acts or omissions in their capacities as directors or officers, subject to certain exclusions (see "Executive Compensation—Directors' and Officers' Liability Insurance").

Anti-Takeover Effect of Delaware Law, Certain By-Law Provisions

Our certificate of incorporation and bylaws contain provisions that could have the effect of discouraging potential acquisition proposals or tender offers or delaying or preventing a change of control of our company. These provisions are as follows:

- they provide that special meetings of stockholders may be called only by our chairman, our president or by a resolution adopted by a majority of our board of directors;
- they do not include a provision for cumulative voting in the election of directors. Under cumulative voting, a minority stockholder holding a sufficient number of shares may be able to ensure the election of one or more directors. The absence of cumulative voting may have the effect of limiting the ability of minority stockholders to effect changes in our board of directors; and
- they allow us to issue, without stockholder approval, up to 5,000,000 shares of preferred stock that could adversely affect the rights and powers of the holders of our common stock.

In addition, we are subject to the provisions of Section 203 of the DGCL, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. For purposes of Section 203, a "business combination" includes a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an "interested stockholder" is a person who, together with affiliates and associates, owns, or within three years prior, did own, 15% or more of the voting stock.

Trading Information

Our common stock is currently approved for quotation on the OTC Bulletin Board maintained by the Financial Industry Regulatory Authority, Inc. under the symbol SAGU and there is no active trading market for our stock. We have notified the OTC Bulletin Board of our name change and will obtain a new symbol. As soon as practicable, and assuming we satisfy all necessary initial listing requirements, we intend to apply to have our common stock listed for trading on the NYSE Amex Equities or The Nasdaq Stock Market, although we cannot be certain that any of these applications will be approved.

Transfer Agent

The transfer agent for our common stock is Columbia Stock Transfer Company. We will serve as warrant agent for the $1.80 Warrants, the $1.23 Warrants, the Warrant issued to the Placement Agent in connection with the Private Placement and the $1.50 Consultant Warrants.

Code of Ethics

We intend to adopt a code of ethics that applies to our officers, directors and employees, including our principal executive officer and principal accounting officer, but have not done so to date due to our relatively small size. We intend to adopt a written code of ethics in the near future.

Board Committees

We expect our board of directors, in the future, to appoint an audit committee, nominating committee and compensation committee, and to adopt charters relative to each such committee. We intend to appoint such persons to committees of the board of directors as are expected to be required to meet the corporate governance requirements imposed by a national securities exchange, although we are not required to comply with such requirements until we elect to seek a listing on a national securities exchange.

Item 3.02 Unregistered Sales of Equity Securities.

Sales by InspireMD, Inc. (formerly known as Saguaro Resources, Inc.)

On June 16, 2008, Saguaro Resources, Inc. completed an offering of 2,500,000 shares of its common stock at a price of $0.005 per share to Lynn Briggs, its president, chief executive officer, chief financial officer and secretary-treasurer. The total amount received from that offering was $12,500. These shares were issued pursuant to Section 4 (2) of the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

On March 31, 2011, pursuant to the Share Exchange, we issued 46,471,907 shares of common stock to the InspireMD Shareholders in exchange for 91.7% of the issued and outstanding capital stock of InspireMD. Subsequent to March 31, 2011, we issued 4,194,756 shares of common stock to the InspireMD Shareholders in exchange for the remaining 8.3% of the issued and outstanding capital stock of InspireMD. In addition, in connection with the Share Exchange, we (i) assumed three year warrants to purchase up to 125,000 ordinary shares of InspireMD at an exercise price of $10 per share that were converted into newly issued warrants to purchase up to 1,014,500 shares of our common stock at an exercise price of $1.23 per share and (ii) options to purchase up to 937,256 ordinary shares of InspireMD with a weighted average exercise price of $4.35 that were converted into options to purchase up to 7,606,770 shares of our common stock with a weighted average exercise price of $0.54 per share. The securities issued in the Share Exchange were not registered under the Securities Act, or the securities laws of any state, and were offered and sold pursuant to the exemption from registration under the Securities Act provided by either Regulation S under the Securities Act or Section 4(2) and Regulation D (Rule 506) under the Securities Act.

On March 31, 2011, we entered into a Securities Purchase Agreement with 30 accredited investors, pursuant to which we issued 6,454,002 shares of common stock at a purchase price of $1.50 per share and five-year warrants to purchase up to 3,226,999 shares of common stock at an exercise price of $1.80 per share, resulting in aggregate cash proceeds of $9,013,404 and the cancellation of $667,596 of indebtedness under the Bridge Notes. The securities sold in this offering were not registered under the Securities Act, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration under the Securities Act provided by either Regulation S under the Securities Act or Section 4(2) and Regulation D (Rule 506) under the Securities Act.

On March 31, 2011, upon the consummation of the Private Placement, we issued a five-year warrant to purchase up to 373,740 shares of common stock at an exercise price of $1.80 per share, to Palladium Capital Advisors, LLC, our placement agent in the Private Placement. The warrant was not registered under the Securities Act, or the securities laws of any state, and was offered and sold in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

On March 31, 2011, upon the consummation of the Private Placement, we issued a five-year warrant to purchase up to 6,833 shares of common stock at an exercise price of $1.80 per share, to Craig Shore, our chief financial officer, secretary and treasurer. The warrant was not registered under the Securities Act, or the securities laws of any state, and was offered and sold in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

On March 31, 2011, upon the consummation of the Private Placement, we issued a five-year warrant to purchase up to 6,667 shares of common stock at an exercise price of $1.80 per share, to a consultant. The warrant was not registered under the Securities Act, or the securities laws of any state, and was offered and sold in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

On March 31, 2011, we issued three-year warrants to purchase up to an aggregate of 2,500,000 shares of common stock at an exercise price of $1.50 per share, to Endicott Management Partners, LLC, The Corbran LLC and David Stefansky, in consideration for consulting services. The warrants were not registered under the Securities Act, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering.

On March 31, 2011, upon consummation of the Private Placement, the principal and all accrued but unpaid interest under the Bridge Notes converted into 445,064 shares of common stock at a conversion price of $1.50 per share. The securities issued in connection with the conversion of the Bridge Notes were not registered under the Securities Act, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Section 4(2) and Regulation D (Rule 506) under the Securities Act and corresponding provisions of state securities laws, which exempt transactions by an issuer not involving a public offering. Each of the holders of the Bridge Notes was an accredited investor.

Sales by InspireMD

On July 22, 2010, InspireMD entered into a Securities Purchase Agreement with three accredited investors pursuant to which InspireMD issued 8% convertible debentures in the aggregate principal amount of $1,580,000 and three year warrants to purchase up to 125,000 ordinary shares (1,014,500 shares of common stock following the Share Exchange) at an exercise price of $10 per share (the “Bridge Financing”). The securities sold in the Bridge Financing were not registered under the Securities Act, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Regulation S under the Securities Act or under Section 4(2) of the Securities Act regarding transactions not involving a public offering.

On January 29, 2009, InspireMD entered into a loan agreement with Bank Mizrahi pursuant to which InspireMD issued 28,932 ordinary shares (234,812 shares of common stock following the Share Exchange) as partial consideration for Bank Mizrahi providing us a credit facility. The securities sold were not registered under the Securities Act, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Regulation S under the Securities Act or under Section 4(2) of the Securities Act regarding transactions not involving a public offering. The loan agreement is attached hereto as Exhibit 10.23.

Between January 1, 2008 and February 28, 2011, InspireMD issued an aggregate of 569,011 ordinary shares (4,618,094 shares of common stock following the Share Exchange) to 61 investors in a series of closings, at a purchase price of $10 ($1.23 following the Share Exchange) per share. The securities sold were not registered under the Securities Act, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Regulation S under the Securities Act or under Section 4(2) of the Securities Act regarding transactions not involving a public offering.

Between January 1, 2008 and February 28, 2011, InspireMD issued an aggregate of 68,270 ordinary shares (554,079 shares of common stock following the Share Exchange) due to the exercise of options to purchase ordinary shares, at a purchase price of $0.01 per share. The securities sold were not registered under the Securities Act, or the securities laws of any state, and were offered and sold in reliance on the exemption from registration afforded by Regulation S under the Securities Act or under Section 4(2) of the Securities Act regarding transactions not involving a public offering.

Item 4.01 Changes in Registrant's Certifying Accountant.

On March 31, 2011, in connection with the Share Exchange, we dismissed Stan J.H. Lee, CPA as our independent registered public accounting firm. Stan J.H. Lee, CPA had previously been engaged as the principal accountant to audit our financial statements (when we were known as Saguaro Resources, Inc.). The reason for the dismissal of Stan J.H. Lee, CPA is that, following the consummation of the Share Exchange on March 31, 2011, our primary business became the business conducted by InspireMD. The independent registered public accountant of InspireMD is the firm of Kesselman & Kesselman, Certified Public Accountants, a member of PricewaterhouseCoopers International Limited ("PWC"). We believe that it is in our best interest to have PWC continue to work with our business, and we therefore retained PWC as our new principal independent registered accounting firm, effective as of March 31, 2011. PWC is located at Trade Tower, 25 Hamered Street, Tel Aviv, 68125, Israel. The decision to change accountants was approved by our board of directors on March 31, 2011.

The report of Stan J.H. Lee, CPA on our financial statements for the fiscal years ended June 30, 2009 and June 30, 2010 did not contain an adverse opinion or disclaimer of opinion, nor was it qualified or modified as to uncertainty, audit scope or accounting principles, except that the report raised substantial doubt as to our ability to continue as a going concern.

From our inception through March 31, 2011, there were no disagreements with Stan J.H. Lee, CPA on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure which, if not resolved to the satisfaction of Stan J.H. Lee, CPA, would have caused it to make reference to the matter in connection with its reports.

From our inception through March 31, 2011, we did not consult PWC regarding either: (i) the application of accounting principles to a specific completed or contemplated transaction, or the type of audit opinion that might be rendered on our financial statements; or (ii) any matter that was the subject of a disagreement as defined in Item 304(a)(1)(iv) of Regulation S-K.

On February 7, 2007, InspireMD appointed Ernst & Young, LLP ("Ernst & Young") as its independent accountant and on August 15, 2010, InspireMD dismissed Ernst & Young as its independent accountant. Ernst & Young issued reports on InspireMD's financial statements for the year ended December 31, 2006. Ernst & Young also issued financial statements for tax purposes for the years ended December 31, 2007 and 2008. On October 6, 2010, InspireMD's board of directors unanimously approved the appointment of PWC as its independent accountant commencing with work to be performed in relation to its nine month period ended September 30, 2010, and the years ended December 31, 2007, 2008 and 2009. InspireMD had no occasion in 2008 and 2009 and any subsequent interim period prior to October 6, 2010 upon which it consulted with PWC on any matters.

During the fiscal years ended December 31, 2008 and 2009, and the subsequent interim period through August 15, 2010, there were (i) no disagreements with Ernst & Young on any matter of accounting principles or practices, financial statement disclosure or auditing scope or procedure, which disagreement(s), if not resolved to Ernst & Young's satisfaction, would have caused Ernst & Young to make reference to the subject matter of the disagreement(s) in connection with its reports for such years, and (ii) no reportable events within the meaning set forth in Item 304(a)(1)(v) of Regulation S-K.

We have made the contents of this Current Report on Form 8-K available to Stan J.H. Lee, CPA and requested that Stan J.H. Lee, CPA furnish us a letter addressed to the Securities and Exchange Commission as to whether Stan J.H. Lee, CPA agrees or disagrees with, or wishes to clarify our expression of, our views, or containing any additional information. A copy of Stan J.H. Lee, CPA's letter to the Securities and Exchange Commission is included as Exhibit 16.1 to this Current Report on Form 8-K.

We have made the contents of this Current Report on Form 8-K available to Ernst & Young and requested that Ernst & Young furnish us a letter addressed to the Securities and Exchange Commission as to whether Ernst & Young agrees or disagrees with, or wishes to clarify our expression of, our views, or containing any additional information. We will file such letter as an amendment to this Current Report on Form 8-K upon receipt.

Item 5.01 Changes in Control of Registrant.

Reference is made to the disclosure set forth under Item 2.01 of this Current Report on Form 8-K, which disclosure is incorporated herein by reference.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Our sole officer and director immediately prior to the Share Exchange resigned from all positions with us as of March 31, 2011, effective upon the closing of the Share Exchange. In connection with the Share Exchange, Ofir Paz and Asher Holzer were appointed to our board of directors consists and Ofir Paz was appointed as our chief executive officer, Asher Holzer was appointed as our president and chairman and Craig Shore was appointed as our chief financial officer, secretary and treasurer. Reference is made to the disclosure set forth under Item 2.01 of this Current Report on Form 8-K, which disclosure is incorporated herein by reference.

Item 5.06 Change in Shell Company Status.

Following the consummation of the Share Exchange described in Item 2.01 of this Current Report on Form 8-K, we believe that we are not a shell corporation as that term is defined in Rule 405 of the Securities Act and Rule 12b-2 of the Exchange Act.

Item 7.01 Regulation FD Disclosure.

In connection with the Private Placement, we provided the investors with an investor presentation regarding the operations of and plans for the company (the "Investor Presentation") and financial projections for the company (the "Financial Projections"). A copy of the Investor Presentation is furnished as Exhibit 99.1 to this report and a copy of the Financial Projections is furnished as Exhibit 99.2 to this report.

The forward-looking statements in the Investor Presentation and the Financial Projections are based on management's present expectations and beliefs about future events. As with any projection or forecast, these statements are inherently susceptible to uncertainty and changes in circumstances. We are under no obligation to, and expressly disclaim any obligation to, update or alter its forward-looking statements whether as a result of such changes, new information, subsequent events or otherwise. See "Item 2.01 Completion of Acquisition or Disposition of Assets—Forward-Looking Statements" and "Item 2.01 Completion of Acquisition or Disposition of Assets—Risk Factors."

The information furnished pursuant to this Item 7.01 shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liabilities under that Section and shall not be deemed to be incorporated by reference into any filing of InspireMD under the Securities Act or the Exchange Act.

Item 9.01 Financial Statements and Exhibits.

(a) *Financial Statements of Businesses Acquired*. In accordance with 9.01(a), InspireMD's audited financial statements for the fiscal years ended December 31, 2010 and 2009 are filed in this Current Report on Form 8-K as Exhibit 99.3.

(b) *Pro Forma Financial Information*. In accordance with Item 9.01(b), our pro forma financial statements are filed in this Current Report on Form 8-K as Exhibit 99.4.

(c) *Shell Company Transactions*. Reference is made to Items 9.01(a) and 9.01(b) above and the exhibits referenced to therein, which are incorporated herein by reference.

(d) *Exhibits*.

Exhibit Number	Description
2.1	Share Exchange Agreement, dated as of December 29, 2010, by and among InspireMD Ltd., Saguaro Resources, Inc., and the Shareholders of InspireMD Ltd. that are signatory thereto (incorporated by reference to Exhibit 10.1 to Saguaro Resources, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on January 5, 2011)
2.2	Amendment to Share Exchange Agreement, dated February 24, 2011
2.3	Second Amendment to Share Exchange Agreement, dated March 25, 2011
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to InspireMD, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on April 1, 2011)
3.2	Amended and Restated Bylaws (incorporated by reference to Exhibit 3.2 to InspireMD, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on April 1, 2011)
10.1	2011 Umbrella Option Plan (incorporated by reference to Exhibit 10.1 to InspireMD, Inc. Current Report on Form 8-K filed with the Securities and Exchange Commission on April 1, 2011)

Exhibit Number	Description
10.2	Form of Stock Option Award Agreement
10.3	Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations, dated as of March 31, 2011
10.4	Stock Purchase Agreement, by and between InspireMD, Inc. and Lynn Briggs, dated as of March 31, 2011
10.5	Securities Purchase Agreement, dated as of March 31, 2011, by and among InspireMD, Inc. and certain purchasers set forth therein
10.6	Form of $1.80 Warrant
10.7	Form of $1.23 Warrant
10.8	$1,250,000 Convertible Debenture, dated July 20, 2010, by and between InspireMD Ltd. and Genesis Asset Opportunity Fund, L.P.
10.9	Unprotected Leasing Agreement, dated February 22, 2007, by and between Block 7093 Parcel 162 Company Ltd. Private Company 510583156 and InspireMD Ltd.
10.10	Securities Purchase Agreement, dated as of July 22, 2010, by and among InspireMD Ltd. and certain purchasers set forth therein
10.11	Manufacturing Agreement, by and between InspireMD Ltd. and QualiMed Innovative Medizinprodukte GmbH, dated as of September 11, 2007
10.12	Development Agreement, by and between InspireMD Ltd. and QualiMed Innovative Medizinprodukte GmbH, dated as of January 15, 2007
10.13	License Agreement, by and between Svelte Medical Systems, Inc. and InspireMD Ltd., dated as of March 19, 2010
10.14	Agreement, by and between InspireMD Ltd. and Ofir Paz, dated as of April 1, 2005
10.15	Amendment to the Employment Agreement, by and between InspireMD Ltd. and Ofir Paz, dated as of October 1, 2008
10.16	Second Amendment to the Employment Agreement, by and between InspireMD Ltd. and Ofir Paz, dated as of March 28, 2011
10.17	Personal Employment Agreement, by and between InspireMD Ltd. and Asher Holzer, dated as of April 1, 2005
10.18	Amendment to the Employment Agreement, by and between InspireMD Ltd. and Asher Holzer, dated as of March 28, 2011
10.19	Personal Employment Agreement, by and between InspireMD Ltd. and Eli Bar, dated as of June 26, 2005
10.20	Employment Agreement, by and between InspireMD Ltd. and Bary Oren, dated as of August 25, 2009
10.21	Employment Agreement, by and between InspireMD Ltd. and Craig Shore, dated as of November 28, 2010
10.22	Form of Indemnification Agreement between InspireMD, Inc. and each of the directors and executive officers thereof
10.23	Agreement with Bank Mizrahi Tefahot LTD. for a loan to InspireMD Ltd. in the original principal amount of $750,000
16.1	Letter from Stan J.H. Lee, CPA, dated March 31, 2011
21.1	List of subsidiaries
99.1	Investor Presentation
99.2	Financial Projections
99.3	InspireMD Ltd. financial statements for the fiscal years ended December 31, 2010 and 2009
99.4	Pro forma unaudited consolidated financial statements as of December 31, 2010

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INSPIREMD, INC.

Dated: April 6, 2011

By: /s/ Asher Holzer
Name: Asher Holzer
Title: President

EXHIBIT INDEX

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AMENDMENT TO SHARE EXCHANGE AGREEMENT

This Amendment to Share Exchange Agreement (this " Amendment "), dated as of February 24, 2011, is by and among Saguaro Resources, Inc., a Delaware corporation (the " Parent "), InspireMD Ltd., a company incorporated under the laws of the state of Israel (the " Company "), and the shareholders of the Company that are signatory hereto or who sign a joinder in the Form of Exhibit A to the Agreement (as referenced below) (each a " Shareholder " and, jointly, the " Shareholders "). Each of the parties to this Agreement is individually referred to herein as a " Party " and collectively as the " Parties ."

WITNESSETH

WHEREAS, the Parties are parties to that certain Share Exchange Agreement, dated as of December 29, 2010, a copy of which is attached hereto as Exhibit A (the " Agreement ");

WHEREAS, the Parties desire to amend the Agreement as set forth below.

NOW, THEREFORE, in consideration of the premises and mutual covenants and obligations hereinafter set forth, the parties hereto, intending legally to be bound, hereby agree as follows:

1. The following is added immediately after subsection (m) of Section 6.01 of the Agreement:

> (n) The securities authority of the state of Israel shall have delivered to the Company a letter indicating that the delivery of a prospectus to the shareholders of the Company in connection with the Transactions is not required under applicable securities laws.

2. Except as modified and amended herein, all of the terms and conditions of the Agreement shall remain in full force and effect.

3. This Amendment shall be governed by and construed in accordance with the laws of the State of New York without application of the conflict of laws provisions thereof.

[SIGNATURE PAGES FOLLOW IMMEDIATELY]

[PARENT SIGNATURE PAGE TO
AMENDMENT TO SHARE EXCHANGE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Amendment as of the date first above written.

The Parent:

SAGUARO RESOURCES, INC.

By: /s/ Lynn Briggs
Name: Lynn Briggs
Title: President and Chief Executive Officer

[COMPANY SIGNATURE PAGE TO
AMENDMENT TO SHARE EXCHANGE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Amendment as of the date first above written.

The Company:

INSPIREMD LTD.

By: /s/ Asher Holzer
Name: Asher Holzer
Title: President

[SHAREHOLDER SIGNATURE PAGES TO

AMENDMENT TO SHARE EXCHANGE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Amendment as of the date first above written.

_____

Name of Shareholder:

SECOND AMENDMENT TO SHARE EXCHANGE AGREEMENT

This Second Amendment to Share Exchange Agreement (this " Amendment "), dated as of March 25, 2011, is by and among Saguaro Resources, Inc., a Delaware corporation (the " Parent "), InspireMD Ltd., a company incorporated under the laws of the state of Israel (the " Company "), and the shareholders of the Company that are signatory hereto or who sign a joinder in the Form of Exhibit A to the Agreement (as referenced below) (each a " Shareholder " and, jointly, the " Shareholders "). Each of the parties to this Agreement is individually referred to herein as a " Party " and collectively as the " Parties ."

WITNESSETH

WHEREAS, the Parties are parties to that certain Share Exchange Agreement, dated as of December 29, 2010, as amended by that certain Amendment to Share Exchange Agreement, dated as of February 24, 2011, a copy of which is attached hereto as Exhibit A (as amended, the " Agreement ");

WHEREAS, the Parties desire to amend the Agreement as set forth below.

NOW, THEREFORE, in consideration of the premises and mutual covenants and obligations hereinafter set forth, the parties hereto, intending legally to be bound, hereby agree as follows:

1. Section 1.01(c) of the Agreement is hereby revised and amended to read in its entirety as follows:

> "(c) Each Convertible Debenture shall be assumed by the Parent. For purposes of this Agreement, the " Convertible Debentures " shall collectively mean (i) that certain convertible debenture issued by the Company on July 20, 2010 to Arvest Privatbank AG in the original principal amount of $250,000; (ii) that certain convertible debenture issued by the Company on July 20, 2010 to Genesis Asset Opportunity Fund, L.P. in the original principal amount of $1,250,000; and (iii) that certain convertible debenture issued by the Company on July 20, 2010 to Harborview Master Fund, L.P. in the original principal amount of $80,000."

2. Section 6.01(m) of the Agreement is hereby revised and amended to read in its entirety as follows:

"(m) Capitalization of the Parent and Escrow . Except for any shares of Parent Stock held by Lynn Briggs on the date hereof (subject to appropriate adjustments for any stock dividend, stock split, stock combination, reclassification or similar transaction after the date hereof), the Parent shall have 6,000,000 shares of Parent Stock issued and outstanding held by stockholders acceptable to the Company and no other securities, options, warrants or securities, obligations or instruments that are convertible or exercisable into (i) any securities of the Parent or (ii) securities or instruments convertible or exercisable into securities of the Parent, shall be outstanding. In addition, 1,500,000 of these shares of Parent Stock shall have been deposited into an escrow account, with the holders of such shares entering into an escrow agreement with the Parent pursuant to which they shall agree to the forfeiture and cancellation of such shares should the Parent (i) record at least $10 million in revenue (on a consolidated basis) during the twelve (12) month period following the Closing, and (ii) fail, after a good faith effort, to secure a listing on the Nasdaq Capital Market, Nasdaq Global Market, Nasdaq Global Select Market, NYSE AMEX or New York Stock Exchange within twelve (12) months following the Closing."

3. Except as modified and amended herein, all of the terms and conditions of the Agreement shall remain in full force and effect.

4. This Amendment shall be governed by and construed in accordance with the laws of the State of New York without application of the conflict of laws provisions thereof.

[SIGNATURE PAGES FOLLOW IMMEDIATELY]

[PARENT SIGNATURE PAGE TO
AMENDMENT TO SHARE EXCHANGE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Amendment as of the date first above written.

The Parent:

SAGUARO RESOURCES, INC.

By: /s/ Lynn Briggs
Name: Lynn Briggs
Title: President and Chief Executive Officer

[COMPANY SIGNATURE PAGE TO
AMENDMENT TO SHARE EXCHANGE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Amendment as of the date first above written.

The Company:

INSPIREMD LTD.

By: /s/ Asher Holzer
Name: Asher Holzer
Title: President

[SHAREHOLDER SIGNATURE PAGES TO
AMENDMENT TO SHARE EXCHANGE AGREEMENT]

IN WITNESS WHEREOF, the undersigned has executed and delivered this Amendment as of the date first above written.

_____
Name of Shareholder:

NONQUALIFIED STOCK OPTION AGREEMENT

INSPIREMD, INC.
2011 UMBRELLA OPTION PLAN – U.S. APPENDIX

1. Grant of Option . Pursuant to the 2011 U.S. Equity Incentive Plan (the " ***U.S. Appendix*** "), a sub-plan to the InspireMD, Inc. 2011 UMBRELLA Option Plan (the " ***Umbrella Plan*** ")(collectively, the Umbrella Plan and U.S. Appendix being referred to herein as, the " ***Plan*** ") for employees, consultants, outside directors, and other service providers of InpsireMD, Inc., a Delaware corporation (the " ***Company*** ") and its subsidiaries and affiliates (the " ***Group*** "), the Company grants to

_____
(the " ***Participant*** "),

an option to purchase Shares of the Company as follows:

On the date hereof, the Company grants to the Participant an option (the " ***Stock Option*** ") to purchase _____ (_____) full Shares (the " ***Optioned Shares*** ") at an Exercise Price equal to $_____ per share. The " ***Date of Grant*** " of this Stock Option is _____, 20__.

The " ***Option Period*** " shall commence on the Date of Grant and shall expire on the date immediately preceding the tenth (10 th) anniversary of the Date of Grant, unless terminated earlier in accordance with Section 4 below. The Stock Option is a nonqualified stock option. This Stock Option is intended to comply with the provisions governing nonqualified stock options under the final Treasury Regulations issued on April 17, 2007, in order to exempt this Stock Option from application of Section 409A of the Code.

2. Subject to Plan . The Stock Option and its exercise are subject to the terms and conditions of the Plan, and the terms of the Plan shall control to the extent not otherwise inconsistent with the provisions of this Agreement. The capitalized terms used herein that are defined in the Plan shall have the same meanings assigned to them in the Plan. The Stock Option is subject to any rules promulgated pursuant to the Plan by the Board or the Administrator and communicated to the Participant in writing.

3. Vesting; Time of Exercise . Except as specifically provided in this Agreement and subject to certain restrictions and conditions set forth in the Plan, the Optioned Shares shall be vested and exercisable as follows:

a. Twenty-five percent (25%) of the Optioned Shares shall vest and become exercisable upon the expiration of twelve (12) months after the Date of Grant (the " ***First Vesting Date*** "); provided that the Participant is continuously employed by or providing services to the Group from the Date of Grant until the First Vesting Date.

b. The remaining Optioned Shares shall vest and become exercisable in twelve (12) equal portions of one-sixteenth (1/16) of the Optioned Shares, each portion vesting on the last day of each three (3) month period, the first of which shall commence on the first (1 st) day following First Vesting Date (each, a " ***Quarterly Vesting Period*** "), provided that the Participant is continuously employed by or providing services to the Group from the First Vesting Date or preceding Quarterly Vesting Date through the last day of the applicable Quarterly Vesting Period.

c. [**In the event that (i) a Transaction occurs, (ii) this Agreement is not assumed by the Successor Company or the Acquiring Company, as applicable, (iii) the Successor Company or the Acquiring Company, as applicable, does not substitute its own stock option for this Stock Option, then upon the effective date of such Transaction, the total Optioned Shares not previously vested shall thereupon immediately become fully vested and this Stock Option shall become fully exercisable, if not previously so exercisable** .]

4. Term; Forfeiture .

a. Except as otherwise provided in this Agreement, to the extent the unexercised portion of the Stock Option relates to Optioned Shares which are not vested on the Participant's Termination Date, the Stock Option will be terminated on that date. The unexercised portion of the Stock Option that relates to Optioned Shares which are vested will terminate at the first of the following to occur:

i. 5 p.m. on the date the Option Period terminates;

ii. 5 p.m. on the date which is twenty-four (24) months following the date of the Participant's termination of service due to death;

iii. 5 p.m. on the date which is twelve (12) months following the date of the Participant's termination of service due to disability;

iv. 5 p.m. on the date which is ninety (90) days following the date of the Participant's termination of service by the Company without Cause (as defined below);

v. 5.p.m. on the date of the Participant's termination of service for Cause (as defined below);

vi. 5 p.m. on the date which is thirty (30) days following the date of the Participant's termination of service for any reason not otherwise specified in this Section 4.a. ;

vii. 5 p.m. on the date the Company causes any portion of the Stock Option to be forfeited pursuant to Section 7 hereof.

b. For the purposes hereof, " ***Cause*** " shall exist if the Participant (i) breaches any of the material terms or conditions of his employment agreement, or agreement to provide services to the Group, including, without limitation, the breach of any duty of non-disclosure or non-competition; (ii) engages in willful misconduct or acts in bad faith with respect to any company in the Group in connection with his employment or other agreement with the Group; or (iii) is convicted of a criminal offence involving moral turpitude.

c. Notwithstanding anything herein to the contrary, if the Participant is terminated for Cause, then all Optioned Shares (including vested Optioned Shares), whether exercisable or not on the date that the Group delivers to the Participant a termination notice, shall expire and may not be exercised, and the Shares covered by the Stock Options shall revert to the Plan.

5. Who May Exercise . Subject to the terms and conditions set forth in Sections 3 and 4 above, during the lifetime of the Participant, the Stock Option may be exercised only by the Participant, or by the Participant's guardian or personal or legal representative. If the Participant's termination of service is due to his death prior to the dates specified in Section 4.a. hereof, and the Participant has not exercised the Stock Option as to the maximum number of vested Optioned Shares as set forth in Section 3 hereof as of the date of death, the following persons may exercise the exercisable portion of the Stock Option on behalf of the Participant at any time prior to the earliest of the dates specified in Section 4.a. hereof: the personal representative of his estate, or the person who acquired the right to exercise the Stock Option by bequest or inheritance or by reason of the death of the Participant; provided that the Stock Option shall remain subject to the other terms of this Agreement, the Plan, and applicable laws, rules, and regulations.

6. No Fractional Shares . The Stock Option may be exercised only with respect to full shares, and no fractional Share shall be issued.

7. Manner of Exercise . Subject to such administrative regulations as the Administrator may from time to time adopt, the Stock Option may be exercised by the delivery of the Exercise Notice to the Company setting forth the number of Shares with respect to which the Stock Option is to be exercised, the date of exercise thereof (the " ***Exercise Date*** ") which shall be at least three (3) days after giving such notice unless an earlier time shall have been mutually agreed upon. On the Exercise Date, the Participant shall deliver to the Company consideration with a value equal to the total Exercise Price of the Shares to be purchased, payable as follows: cash, cashier's check, or certified check payable to the order of the Company.

Upon payment of all amounts due from the Participant, the Company shall cause certificates for the Optioned Shares then being purchased to be delivered to the Participant (or the person exercising the Participant's Stock Option in the event of his death) at its principal business office promptly after the Exercise Date. The obligation of the Company to deliver Shares shall, however, be subject to the condition that if at any time the Company shall determine in its discretion that the listing, registration, or qualification of the Stock Option or the Optioned Shares upon any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body, is necessary as a condition of, or in connection with, the Stock Option or the issuance or purchase of Shares thereunder, then the Stock Option may not be exercised in whole or in part unless such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not reasonably acceptable to the Company.

If the Participant fails to pay for any of the Optioned Shares specified in such notice or fails to accept delivery thereof, then the Stock Option, and right to purchase such Optioned Shares may be forfeited by the Participant.

8. Nonassignability . The Stock Option is not assignable or transferable by the Participant except by will or by the laws of descent and distribution.

9. Rights as Stockholder . The Participant will have no rights as a stockholder with respect to the Optioned Shares until the issuance of a certificate or certificates to the Participant or the registration of such shares in the Participant's name for the Shares. The Optioned Shares shall be subject to the terms and conditions of this Agreement. Except as otherwise provided in Section 10 hereof, no adjustment shall be made for dividends or other rights for which the record date is prior to the issuance of such Shares. The Participant, by his or her execution of this Agreement, agrees to execute any documents requested by the Company in connection with the issuance of the Shares.

10. Adjustment of Number of Optioned Shares and Related Matters . The number of Shares covered by the Stock Option, and the Exercise Prices thereof, shall be subject to adjustment in accordance with Section 9 of the Umbrella Plan and Articles VII and VII of the U.S. Appendix.

11. Nonqualified Stock Option . The Stock Option shall not be treated as an "incentive stock option" under Section 422 of the Code.

12. Voting . The Participant, as record holder of some or all of the Optioned Shares following exercise of this Stock Option, has the exclusive right to vote, or consent with respect to, such Optioned Shares until such time as the Optioned Shares are transferred in accordance with this Agreement; provided, however, that this Section shall not create any voting right where the holders of such Optioned Shares otherwise have no such right.

13. Specific Performance . The parties acknowledge that remedies at law will be inadequate remedies for breach of this Agreement and consequently agree that this Agreement shall be enforceable by specific performance. The remedy of specific performance shall be cumulative of all of the rights and remedies at law or in equity of the parties under this Agreement.

14. Participant's Representations . Notwithstanding any of the provisions hereof, the Participant hereby agrees that he will not exercise the Stock Option granted hereby, and that the Company will not be obligated to issue any Shares to the Participant hereunder, if the exercise thereof or the issuance of such Shares shall constitute a violation by the Participant or the Company of any provision of any law or regulation of any governmental authority. Any determination in this connection by the Company shall be final, binding, and conclusive. The obligations of the Company and the rights of the Participant are subject to all applicable laws, rules, and regulations.

15. Participant's Acknowledgments . The Participant acknowledges that a copy of the Plan has been made available for his or her review by the Company, and represents that he or she is familiar with the terms and provisions thereof, and hereby accepts this Stock Option subject to all the terms and provisions thereof. The Participant hereby agrees to accept as binding, conclusive, and final all decisions or interpretations of the Administrator or the Board, as appropriate, upon any questions arising under the Plan or this Agreement.

16. Law Governing . This Agreement shall be governed by, construed, and enforced in accordance with the laws of the State of Delaware (excluding any conflict of laws rule or principle of Delaware law that might refer the governance, construction, or interpretation of this agreement to the laws of another state).

17. No Right to Continue Service or Employment . Nothing herein shall be construed to confer upon the Participant the right to continue in the employ or to provide services to the Company or the Group, whether as an employee or as a consultant or as an outside director, or interfere with or restrict in any way the right of the Company or the Group to discharge the Participant at any time.

18. Legal Construction. In the event that any one or more of the terms, provisions, or agreements that are contained in this Agreement shall be held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect for any reason, the invalid, illegal, or unenforceable term, provision, or agreement shall not affect any other term, provision, or agreement that is contained in this Agreement and this Agreement shall be construed in all respects as if the invalid, illegal, or unenforceable term, provision, or agreement had never been contained herein.

19. Covenants and Agreements as Independent Agreements . Each of the covenants and agreements that is set forth in this Agreement shall be construed as a covenant and agreement independent of any other provision of this Agreement. The existence of any claim or cause of action of the Participant against the Company, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of the covenants and agreements that are set forth in this Agreement.

20. Entire Agreement . This Agreement together with the Plan supersede any and all other prior understandings and agreements, either oral or in writing, between the parties with respect to the subject matter hereof and constitute the sole and only agreements between the parties with respect to the said subject matter. All prior negotiations and agreements between the parties with respect to the subject matter hereof are merged into this Agreement. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or by anyone acting on behalf of any party, which are not embodied in this Agreement or the Plan and that any agreement, statement or promise that is not contained in this Agreement or the Plan shall not be valid or binding or of any force or effect.

21. Parties Bound . The terms, provisions, and agreements that are contained in this Agreement shall apply to, be binding upon, and inure to the benefit of the parties and their respective heirs, executors, administrators, legal representatives, and permitted successors and assigns, subject to the limitation on assignment expressly set forth herein.

22. Modification . No change or modification of this Agreement shall be valid or binding upon the parties unless the change or modification is in writing and signed by the parties; provided, however, that the Company may change or modify this Agreement without the Participant's consent or signature if the Company determines, in its sole discretion, that such change or modification is necessary for purposes of compliance with or exemption from the requirements of Section 409A of the Code or any regulations or other guidance issued thereunder. Notwithstanding the preceding sentence, the Company may amend the Plan to the extent permitted by the Plan.

23. Headings . The headings that are used in this Agreement are used for reference and convenience purposes only and do not constitute substantive matters to be considered in construing the terms and provisions of this Agreement.

24. Gender and Number . Words of any gender used in this Agreement shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, and vice versa, unless the context requires otherwise.

25. Notice . Any notice required or permitted to be delivered hereunder shall be deemed to be delivered only when actually received by the Company or by the Participant, as the case may be, at the addresses set forth below, or at such other addresses as they have theretofore specified by written notice delivered in accordance herewith:

a. Notice to the Company shall be addressed and delivered as follows:

InspireMD, Inc.
_____
_____
Attn:_____
Facsimile:_____

b. Notice to the Participant shall be addressed and delivered as set forth on the signature page.

26. Tax Requirements . The Participant is hereby advised to consult immediately with his or her own tax advisor regarding the tax consequences of this Agreement. The Company or, if applicable, any subsidiary (for purposes of this Section 26 , the term " ***Company*** " shall be deemed to include any applicable subsidiary), shall have the right to deduct from all amounts paid in cash or other form in connection with the Plan, any Federal, state, local, or other taxes required by law to be withheld in connection with this award. The Company may, in its sole discretion, also require the Participant receiving Shares issued under the Plan to pay the Company the amount of any taxes that the Company is required to withhold in connection with the Participant's income arising with respect to this award. Such payments shall be required to be made when requested by Company and may be required to be made prior to the delivery of any Shares. Such payment may be made (i) by the delivery of cash to the Company in an amount that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the required tax withholding obligations of the Company; (ii) if the Company, in its sole discretion, so consents in writing, the actual delivery by the exercising Participant to the Company of Shares, which Shares so delivered have an aggregate fair market value that equals or exceeds (to avoid the issuance of fractional shares under (iii) below) the required tax withholding payment; (iii) if the Company, in its sole discretion, so consents in writing, the Company's withholding of a number of Shares to be delivered upon the exercise of this Stock Option, which shares so withheld have an aggregate fair market value that equals (but does not exceed) the required tax withholding payment; or (iv) any combination of (i), (ii), or (iii). The Company may, in its sole discretion, withhold any such taxes from any other cash remuneration otherwise paid by the Company to the Participant.

* * * * * * * *

[*Remainder of Page Intentionally Left Blank*
Signature Page Follows.]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Participant, to evidence his consent and approval of all the terms hereof, has duly executed this Agreement, as of the date specified in Section 1 hereof.

COMPANY:

_____

By: _____
Name: _____
Title: _____

PARTICIPANT:

_____
Signature

Name: _____
Address: _____
_____

AGREEMENT OF CONVEYANCE, TRANSFER AND ASSIGNMENT OF ASSETS AND ASSUMPTION OF OBLIGATIONS

This Agreement of Conveyance, Transfer and Assignment of Assets and Assumption of Obligations (" Transfer and Assumption Agreement ") is made as of March 30, 2011, by InspireMD, Inc., a Delaware corporation (" Assignor "), and Saguaro Holdings, Inc., a Delaware corporation and a wholly owned subsidiary of Assignor (" Assignee ").

WHEREAS, Assignee is an exploration stage company primarily engaged in the acquisition and exploration of mining properties (the " Business "); and

WHEREAS, Assignor desires to convey, transfer and assign to Assignee, and Assignee desires to acquire from Assignor, all of the assets of Assignor relating to the operation of the Business, and in connection therewith, Assignee has agreed to assume all of the liabilities of Assignor relating to the Business, on the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the mutual promises and agreements contained herein, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1 . Assignment.

1.1. Assignment of Assets . For good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by Assignor, Assignor does hereby assign, grant, bargain, sell, convey, transfer and deliver to Assignee, and its successors and assigns, all of Assignor's right, title and interest in, to and under the assets, properties and business, of every kind and description, wherever located, real, personal or mixed, tangible or intangible, owned, held or used in the conduct of the Business (the " Assets "), including, but not limited to, the assets listed on Exhibit A hereto, and indentified in part by reference to Assignor's balance sheet as of December 31, 2010, filed with the Securities and Exchange Commission as part of Assignor's quarterly report on Form 10-Q on February 8, 2011 (the " Balance Sheet "). Notwithstanding anything to the contrary contained herein, the term Assets shall not include either the assets of or the business conducted by InspireMD Ltd., a company incorporated under the laws of the state of Israel.

1.2 Further Assurances . Assignor shall from time to time after the date hereof at the request of Assignee and without further consideration execute and deliver to Assignee such additional instruments of transfer and assignment, including without limitation any bills of sale, assignments of leases, deeds, and other recordable instruments of assignment, transfer and conveyance, in addition to this Transfer and Assumption Agreement, as Assignee shall reasonably request to evidence more fully the assignment by Assignor to Assignee of the Assets.

Section 2 . Assumption.

2.1 Assumed Liabilities . As of the date hereof, Assignee hereby assumes and agrees to pay, perform and discharge, fully and completely, all liabilities, commitments, contracts, agreements, obligations or other claims against Assignor, whether known or unknown, asserted or unasserted, accrued or unaccrued, absolute or contingent, liquidated or unliquidated, due or to become due, and whether contractual, statutory, or otherwise associated with the Business whenever arising (the " Liabilities "), including, but not limited to, the Liabilities listed on Exhibit B , and identified in part by reference to the Balance Sheet.

2.2 **Further Assurances**. Assignee shall from time to time after the date hereof at the request of Assignor and without further consideration execute and deliver to Assignor such additional instruments of assumption in addition to this Transfer and Assumption Agreement as Assignor shall reasonably request to evidence more fully the assumption by Assignee of the Liabilities.

Section 3. **Headings**. The descriptive headings contained in this Transfer and Assumption Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Transfer and Assumption Agreement.

Section 4. **Governing Law**. This Transfer and Assumption Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed entirely within that state, except that any conveyances of leaseholds and real property made herein shall be governed by the laws of the respective jurisdictions in which such property is located.

[*The remainder of this page is blank intentionally* .]

IN WITNESS WHEREOF, this Transfer and Assumption Agreement has been duly executed and delivered by the parties hereto as of the date first above written.

INSPIREMD, INC.

By: _____
Name: _____
Title: _____

SAGUARO HOLDINGS, INC.

By: _____
Lynn Briggs, President

Exhibit A

(a) All of the equipment, computers, servers, hardware, appliances, implements, and all other tangible personal property that are owned by Assignor and have been used in the conduct of the Business;

(b) all inventory associated with the Business;

(c) all real property and real property leases to which Assignor is a party, and which affect the Business or the Assets;

(d) all contracts to which Assignor is a party, or which affect the Business or the Assets, including leases of personal property;

(e) all rights, claims and causes of action against third parties resulting from or relating to the operation of the Business or the Assets, including without limitation, any rights, claims and causes of action arising under warranties from vendors and other third parties;

(f) all governmental licenses, permits, authorizations, consents or approvals affecting or relating to the Business or the Assets;

(g) all accounts receivable, notes receivable, prepaid expenses and insurance and indemnity claims to the extent related to any of the Assets or the Business;

(h) all goodwill associated with the Assets and the Business;

(i) all business records, regardless of the medium of storage, relating to the Assets and/or the Business, including without limitation, all schematics, drawings, customer data, subscriber lists, statistics, promotional graphics, original art work, mats, plates, negatives, accounting and financial information concerning the Assets or Business;

(j) Assignor's right to use all names used in conducting the Business, and all derivations thereof, in connection with Assignee's future conduct of the Business;

(k) all internet domain names and URLs of the Business, software, inventions, art works, patents, patent applications, processes, shop rights, formulas, brand names, trade secrets, know-how, service marks, trade names, trademarks, trademark applications, copyrights, source and object codes, customer lists, drawings, ideas, algorithms, processes, computer software programs or applications (in code and object code form), tangible or intangible proprietary information and any other intellectual property and similar items and related rights owned by or licensed to Assignor used in the Business, together with any goodwill associated therewith and all rights of action on account of past, present and future unauthorized use or infringement thereof; and

(l) all other privileges, rights, interests, properties and assets of whatever nature and wherever located that are owned, used or intended for use in connection with, or that are necessary to the continued conduct of, the Business as presently conducted or planned to be conducted.

Exhibit B

(a) All liabilities in respect of indebtedness of Assignor related to the Business;

(b) product liability and warranty claims relating to any product or service of Assignor associated with the Business;

(c) taxes, duties, levies, assessments and other such charges, including any penalties, interests and fines with respect thereto, payable by Assignor to any federal, provincial, municipal or other government, domestic or foreign, incurred in the conduct of the Business;

(d) liabilities for salary, bonus, vacation pay, severance payments damages for wrongful dismissal, or other compensation or benefits relating to Assignor's employees employed in the conduct of the Business;

(e) any liability or claim for liability (whether in contract, in tort or otherwise, and whether or not successful) related to any lawsuit or threatened lawsuit or claim (including any claim for breach or non-performance of any contract) based upon actions, omissions or events relating to the Business; and

(f) any liability, ongoing duty or obligation, or any claim for liability or performance of any ongoing duty or obligation arising under any and all contracts to which Assignor is a party that relate to the Business or the Assets, or which affect the Business or the Assets.

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this " Agreement "), dated as of March 30, 2011, is made by and between InspireMD, Inc., a Delaware corporation (" Seller "), and Lynn Briggs (" Buyer ").

RECITALS

A. Seller owns all of the issued and outstanding common stock (the " Shares ") of Saguaro Holdings, Inc., a Delaware corporation (the " Company "), which Shares constitute, as of the date hereof, all of the issued and outstanding capital stock of the Company.

B. Buyer holds 7,500,000 shares of common stock, $0.0001 par value per share, of Seller (the " Purchase Price Shares "), and Buyer has agreed to transfer such shares back to Seller for cancellation (the " Repurchase ").

C. In connection with the Repurchase, Buyer wishes to acquire from Seller, and Seller wishes to transfer to Buyer, the Shares, upon the terms and subject to the conditions set forth herein.

Accordingly, the parties hereto agree as follows:

1. Purchase and Sale of Stock .

(a) Purchased Shares . Subject to the terms and conditions provided below, Seller shall sell and transfer to Buyer and Buyer shall purchase from Seller, on the Closing Date (as defined in Section 1(c)), all of the Shares.

(b) Purchase Price . The purchase price for the Shares shall be the transfer and delivery by Buyer to Seller of the Purchase Price Shares, deliverable as provided in Section 2(b).

(c) Closing . The closing of the transactions contemplated in this Agreement (the " Closing ") shall take place as soon as practicable following the execution of this Agreement. The date on which the Closing occurs shall be referred to herein as the Closing Date (the " Closing Date ").

2. Closing .

(a) Transfer of Shares . At the Closing, Seller shall deliver to Buyer certificates representing the Shares, duly endorsed to Buyer or as directed by Buyer, which delivery shall vest Buyer with good and marketable title to all of the issued and outstanding shares of capital stock of the Company, free and clear of all Liens.

(b) Payment of Purchase Price . At the Closing, Buyer shall deliver to Seller a certificate or certificates representing the Purchase Price Shares duly endorsed to Seller, which delivery shall vest Seller with good and marketable title to the Purchase Price Shares, free and clear of all Liens.

3. Representations and Warranties of Seller . Seller represents and warrants to Buyer as of the date hereof as follows:

(a) Corporate Authorization; Enforceability . The execution, delivery and performance by Seller of this Agreement is within the corporate powers and has been, duly authorized by all necessary corporate action on the part of Seller. This Agreement has been duly executed and delivered by Seller and constitutes the valid and binding agreement of Seller, enforceable against Seller in accordance with its terms, except to the extent that its enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar Laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(b) Governmental Authorization . The execution, delivery and performance by Seller of this Agreement requires no consent, approval, Order, authorization or action by or in respect of, or filing with, any Governmental Authority.

(c) Non-Contravention; Consents . The execution, delivery and performance by Seller of this Agreement and the consummation of the transactions contemplated hereby do not (i) violate the certificate of incorporation or bylaws of Seller or (ii) violate any applicable Law or Order.

(d) Capitalization . As of the date hereof, Seller owns the Shares, which shares represent 100% of the authorized, issued and outstanding capital stock of the Company. The Shares are duly authorized, validly issued, fully-paid, non-assessable and free and clear of any Liens.

4. Representations and Warranties of Buyer . Buyer represents and warrants to Seller as of the date hereof as follows:

(a) Enforceability . The execution, delivery and performance by Buyer of this Agreement are within Buyer's powers. This Agreement has been duly executed and delivered by Buyer and constitutes the valid and binding agreement of Buyer, enforceable against Buyer in accordance with its terms, except to the extent that its enforceability may be subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(b) Governmental Authorization . The execution, delivery and performance by Buyer of this Agreement require no consent, approval, Order, authorization or action by or in respect of, or filing with, any Governmental Authority.

(c) Non-Contravention; Consents . The execution, delivery and performance by Buyer of this Agreement, and the consummation of the transactions contemplated hereby do not violate any applicable Law or Order.

(d) Purchase for Investment . Buyer is financially able to bear the economic risks of acquiring an interest in the Company and the other transactions contemplated hereby, and has no need for liquidity in this investment. Buyer has such knowledge and experience in financial and business matters in general, and with respect to businesses of a nature similar to the business of the Company, so as to be capable of evaluating the merits and risks of, and making an informed business decision with regard to, the acquisition of the Shares. Buyer is acquiring the Shares solely for her own account and not with a view to or for resale in connection with any distribution or public offering thereof, within the meaning of any applicable securities laws and regulations, unless such distribution or offering is registered under the Securities Act of 1933, as amended (the " Securities Act "), or an exemption from such registration is available. Buyer has (i) received all the information she has deemed necessary to make an informed investment decision with respect to the acquisition of the Shares, (ii) had an opportunity to make such investigation as she has desired pertaining to the Company and the acquisition of an interest therein, and to verify the information which is, and has been, made available to her and (iii) had the opportunity to ask questions of Seller concerning the Company. Buyer has received no public solicitation or advertisement with respect to the offer or sale of the Shares. Buyer realizes that the Shares are "restricted securities" as that term is defined in Rule 144 promulgated by the Securities and Exchange Commission under the Securities Act, the resale of the Shares is restricted by federal and state securities laws and, accordingly, the Shares must be held indefinitely unless their resale is subsequently registered under the Securities Act or an exemption from such registration is available for their resale. Buyer understands that any resale of the Shares by her must be registered under the Securities Act (and any applicable state securities law) or be effected in circumstances that, in the opinion of counsel for the Company at the time, create an exemption or otherwise do not require registration under the Securities Act (or applicable state securities laws). Buyer acknowledges and consents that certificates now or hereafter issued for the Shares will bear a legend substantially as follows:

THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR QUALIFIED UNDER ANY APPLICABLE STATE SECURITIES LAWS (THE "STATE ACTS"), HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO A REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND QUALIFICATION UNDER THE STATE ACTS OR PURSUANT TO EXEMPTIONS FROM SUCH REGISTRATION OR QUALIFICATION REQUIREMENTS (INCLUDING, IN THE CASE OF THE SECURITIES ACT, THE EXEMPTIONS AFFORDED BY SECTION 4 (1) OF THE SECURITIES ACT AND RULE 144 THEREUNDER). AS A PRECONDITION TO ANY SUCH TRANSFER, THE ISSUER OF THESE SECURITIES SHALL BE FURNISHED WITH AN OPINION OF COUNSEL OPINING AS TO THE AVAILABILITY OF EXEMPTIONS FROM SUCH REGISTRATION AND QUALIFICATION AND/OR SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY THERETO THAT ANY SUCH TRANSFER WILL NOT VIOLATE THE SECURITIES LAWS.

Buyer understands that the Shares are being sold to her pursuant to the exemption from registration contained in Section 4(1) of the Securities Act and that Seller is relying upon the representations made herein as one of the bases for claiming the Section 4(1) exemption.

(e) Liabilities . Following the Closing, Seller will have no debts, liabilities or obligations relating to the Company or its business or activities, whether before or after the Closing, and there are no outstanding guaranties, performance or payment bonds, letters of credit or other contingent contractual obligations that have been undertaken by Seller directly or indirectly in relation to the Company or its business and that may survive the Closing.

(f) Title to Purchase Price Shares . Buyer is the sole record and beneficial owner of the Purchase Price Shares. At Closing, Buyer will have good and marketable title to the Purchase Price Shares, which Purchase Price Shares are, and at the Closing will be, free and clear of all Liens, and any restrictions or limitations prohibiting or restricting transfer to Seller, except for restrictions on transfer as contemplated by applicable securities laws.

5. Indemnification and Release .

(a) Indemnification . Buyer covenants and agrees to indemnify, defend, protect and hold harmless Seller, and its officers, directors, employees, stockholders, agents, representatives and Affiliates (collectively, together with Seller, the " Seller Indemnified Parties ") at all times from and after the date of this Agreement from and against all losses, liabilities, damages, claims, actions, suits, proceedings, demands, assessments, adjustments, costs and expenses (including specifically, but without limitation, reasonable attorneys' fees and expenses of investigation), whether or not involving a third party claim and regardless of any negligence of any Seller Indemnified Party (collectively, " Losses "), incurred by any Seller Indemnified Party as a result of or arising from (i) any breach of the representations and warranties of Buyer set forth herein or in certificates delivered in connection herewith, (ii) any breach or nonfulfillment of any covenant or agreement on the part of Buyer under this Agreement, (iii) any debt, liability or obligation of the Company, whether incurred or arising prior to the date hereof or after, (iv) the conduct and operations of the business of the Company whether before or after the Closing, (v) claims asserted against the Company whether arising before or after the Closing, or (vi) any federal or state income tax payable by Seller and attributable to the transactions contemplated by this Agreement.

(b) Threshold; Limitations on Liability .

(i) No Seller Indemnified Party shall be entitled to indemnification for any Losses under Section 5(a) unless and until the aggregate amount of Losses suffered, sustained, or incurred by all or any of the Seller Indemnified Parties that give rise to a claim for indemnification under Section 5(a) exceeds $50,000, calculated on a cumulative basis and not on a per item basis (the " Threshold Amount "), at which time such Seller Indemnified Party shall be entitled to be indemnified and compensated for all Losses or rights of indemnification pursuant to Section 5(a) and not only for Losses in excess of the Threshold Amount.

(ii) The maximum aggregate liability (including attorney's fees) of Buyer under Section 5(a) shall be limited to $100,000.

(c) Third Party Claims .

(i) If any claim or liability (a " Third-Party Claim ") should be asserted against any of the Seller Indemnified Parties (the " Indemnitee ") by a third party after the Closing for which Buyer has an indemnification obligation under the terms of Section 5(a), then the Indemnitee shall notify Buyer within 20 days after the Third-Party Claim is asserted by a third party (said notification being referred to as a " Claim Notice ") and give Buyer a reasonable opportunity to take part in any examination of the books and records of the Indemnitee relating to such Third-Party Claim and to assume the defense of such Third-Party Claim and in connection therewith and to conduct any proceedings or negotiations relating thereto and necessary or appropriate to defend the Indemnitee and/or settle the Third-Party Claim. The expenses (including reasonable attorneys' fees) of all negotiations, proceedings, contests, lawsuits or settlements with respect to any Third-Party Claim shall be borne by Buyer. If Buyer agrees to assume the defense of any Third-Party Claim in writing within 20 days after the Claim Notice of such Third-Party Claim has been delivered, through counsel reasonably satisfactory to Indemnitee, then Buyer shall be entitled to control the conduct of such defense, and shall be responsible for any expenses of the Indemnitee in connection with the defense of such Third-Party Claim so long as Buyer continues such defense until the final resolution of such Third-Party Claim. Buyer shall be responsible for paying all settlements made or judgments entered with respect to any Third-Party Claim the defense of which has been assumed by Buyer. Except as provided in subsection (ii) below, both Buyer and the Indemnitee must approve any settlement of a Third-Party Claim. A failure by the Indemnitee to timely give the Claim Notice shall not excuse Buyer from any indemnification liability except only to the extent that Buyer is materially and adversely prejudiced by such failure.

(ii) If Buyer shall not agree to assume the defense of any Third-Party Claim in writing within 20 days after the Claim Notice of such Third-Party Claim has been delivered, or shall fail to continue such defense until the final resolution of such Third-Party Claim, then the Indemnitee may defend against such Third-Party Claim in such manner as it may deem appropriate and the Indemnitee may settle such Third-Party Claim, in its sole discretion, on such terms as it may deem appropriate. Buyer shall promptly reimburse the Indemnitee for the amount of all settlement payments and expenses, legal and otherwise, incurred by the Indemnitee in connection with the defense or settlement of such Third-Party Claim. If no settlement of such Third-Party Claim is made, then Buyer shall satisfy any judgment rendered with respect to such Third-Party Claim before the Indemnitee is required to do so, and pay all expenses, legal or otherwise, incurred by the Indemnitee in the defense against such Third-Party Claim.

(d) Non-Third-Party Claims . Upon discovery of any claim for which Buyer has an indemnification obligation under the terms of this Section 5 which does not involve a claim by a third party against the Indemnitee, the Indemnitee shall give prompt notice to Buyer of such claim and, in any case, shall give Buyer such notice within 30 days of such discovery. A failure by Indemnitee to timely give the foregoing notice to Buyer shall not excuse Buyer from any indemnification liability except to the extent that Buyer is materially and adversely prejudiced by such failure.

(e) Release . Buyer, on behalf of herself and her Related Parties, hereby release and forever discharges Seller and its individual, joint or mutual, past and present representatives, Affiliates, officers, directors, employees, agents, attorneys, stockholders, controlling persons, subsidiaries, successors and assigns (individually, a " Releasee " and collectively, " Releasees ") from any and all claims, demands, proceedings, causes of action, orders, obligations, contracts, agreements, debts and liabilities whatsoever, whether known or unknown, suspected or unsuspected, both at law and in equity, which Buyer or any of her Related Parties now have or have ever had against any Releasee, including but not limited to any amounts owed to Buyer by any Releasee. Buyer hereby irrevocably covenants to refrain from, directly or indirectly, asserting any claim or demand, or commencing, instituting or causing to be commenced, any proceeding of any kind against any Releasee, based upon any matter released hereby. " Related Parties " shall mean, with respect to Buyer, (i) any Person that directly or indirectly controls, is directly or indirectly controlled by, or is directly or indirectly under common control with Buyer, (ii) any Person in which Buyer holds a Material Interest or (iii) any Person with respect to which Buyer serves as a general partner or a trustee (or in a similar capacity). For purposes of this definition, " Material Interest " shall mean direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of voting securities or other voting interests representing at least ten percent (10%) of the outstanding voting power of a Person or equity securities or other equity interests representing at least ten percent (10%) of the outstanding equity securities or equity interests in a Person.

6. Definitions . As used in this Agreement:

(a) " Affiliate " means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with the first Person. For the purposes of this definition, " Control ," when used with respect to any Person, means the possession, directly or indirectly, of the power to (i) vote 10% or more of the securities having ordinary voting power for the election of directors (or comparable positions) of such Person or (ii) direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise, and the terms " Controlling " and " Controlled " have meanings correlative to the foregoing;

(b) " Governmental Authority " means any domestic or foreign governmental or regulatory authority;

(c) " Law " means any federal, state or local statute, law, rule, regulation, ordinance, code, Permit, license, policy or rule of common law;

(d) " Lien " means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, encumbrance or other adverse claim of any kind in respect of such property or asset. For purposes of this Agreement, a Person will be deemed to own, subject to a Lien, any property or asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to such property or asset;

(e) " Order " means any judgment, injunction, judicial or administrative order or decree;

(f) " Permit " means any government or regulatory license, authorization, permit, franchise, consent or approval; and

(h) " Person " means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

7. Miscellaneous .

(a) Counterparts . This Agreement may be signed in any number of counterparts, each of which will be deemed an original but all of which together shall constitute one and the same instrument.

(b) Amendments and Waivers .

(i) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party against whom the waiver is to be effective.

(ii) No failure or delay by any party in exercising any right, power or privilege hereunder will operate as a waiver thereof nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided will be cumulative and not exclusive of any rights or remedies provided by Law.

(c) Successors and Assigns . The provisions of this Agreement will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided* that no party may assign, delegate or otherwise transfer (including by operation of Law) any of its rights or obligations under this Agreement without the consent of each other party hereto.

(d) No Third Party Beneficiaries . This Agreement is for the sole benefit of the parties hereto and their permitted successors and assigns and nothing herein expressed or implied will give or be construed to give to any Person, other than the parties hereto, those referenced in Section 5 above, and such permitted successors and assigns, any legal or equitable rights hereunder.

(e) Governing Law . This Agreement will be governed by, and construed in accordance with, the internal substantive law of the State of Delaware.

(f) Headings . The headings in this Agreement are for convenience of reference only and will not control or affect the meaning or construction of any provisions hereof.

(g) Entire Agreement . This Agreement constitutes the entire agreement among the parties with respect to the subject matter of this Agreement. This Agreement supersedes all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter hereof of this Agreement.

(h) Severability . If any provision of this Agreement or the application of any such provision to any Person or circumstance is held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, the remainder of the provisions of this Agreement (or the application of such provision in other jurisdictions or to Persons or circumstances other than those to which it was held invalid, illegal or unenforceable) will in no way be affected, impaired or invalidated, and to the extent permitted by applicable Law, any such provision will be restricted in applicability or reformed to the minimum extent required for such provision to be enforceable. This provision will be interpreted and enforced to give effect to the original written intent of the parties prior to the determination of such invalidity or unenforceability.

(i) Notices . Any notice, request or other communication hereunder shall be given in writing and shall be served either personally, by overnight delivery or delivered by mail, certified return receipt and addressed to the following addresses:

(a) If to Buyer:

Lynn Briggs
71 The Mead
Darlington, County Durham DL1 1EU
United Kingdom

(b) If to Seller:

InspireMD, Inc.
3 Menorat Hamor St.
Tel Aviv, Israel
Attention: Asher Holzer

With a copy to:

Haynes and Boone, LLP
30 Rockefeller Plaza, 26 th Floor
New York, New York 10112
Attention: Rick A. Werner, Esq.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered, effective as of the date first above written.

INSPIREMD, INC.

By: _____
Name: _____
Title: _____

_____
Lynn Briggs

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this "Agreement") is dated as of March 31, 2011, between InspireMD, Inc., a Delaware corporation (the "Company"), and each purchaser identified on the signature pages hereto (each, including its successors and assigns, a "Purchaser" and collectively, the "Purchasers").

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Rule 506 promulgated thereunder, the Company desires to issue and sell to each Purchaser (the "Offering"), and each Purchaser, severally and not jointly, desires to purchase from the Company, securities of the Company as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Definitions . In addition to the terms defined elsewhere in this Agreement, for all purposes of this Agreement, the following terms have the meanings set forth in this Section 1.1:

"Action" shall have the meaning ascribed to such term in Section 3.1(j).

"Acquired Shares" shall have the meaning ascribed to such term in Section 4.15.

"Additional Listing Shares" shall have the meaning ascribed to such term in Section 4.10.

"Affiliate" means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act.

"Board of Directors" means the board of directors of the Company.

"Business Day" means any day except any Saturday, any Sunday, any day which is a federal legal holiday in the United States or any day on which banking institutions in the State of New York are authorized or required by law or other governmental action to close.

"Closing" means the closing of the purchase and sale of the Securities pursuant to Section 2.1.

"Closing Date" means the Trading Day on which all of the Transaction Documents have been executed and delivered by the applicable parties thereto, and all conditions precedent to (i) the Purchasers' obligations to pay the Subscription Amount and (ii) the Company's obligations to deliver the Securities, in each case, have been satisfied or waived, but in no event later than the third Trading Day following the date hereof.

"Commission" means the United States Securities and Exchange Commission.

"Common Stock" means the common stock of the Company, $0.0001 par value, and any other class of securities into which such securities may hereafter be reclassified or changed.

"Common Stock Equivalents" means any securities of the Company or the Subsidiaries which would entitle the holder thereof to acquire at any time Common Stock, including, without limitation, any debt, preferred stock, right, option, warrant or other instrument that is at any time convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Common Stock.

"Company Counsel" means Haynes and Boone, LLP, with offices located at 30 Rockefeller Plaza, New York, New York 10112.

"Contingency Issuance" shall have the meaning ascribed to such term in Section 4.15.

"Contingency Shares" shall have the meaning ascribed to such term in Section 4.15.

"Dilution Adjustment" shall have the meaning ascribed to such term in Section 4.14.

"Disclosure Schedules" shall have the meaning ascribed to such term in Section 3.1.

"Escrow Agent" means Grushko & Mittman, P.C., with offices at 515 Rockaway Avenue, Valley Stream, New York 11581.

"Escrow Agreement" means the escrow agreement entered into prior to the date hereof, by and among the Company, the Escrow Agent and Palladium Capital Advisors, LLC pursuant to which the Purchasers shall deposit Subscription Amounts with the Escrow Agent to be applied to the transactions contemplated hereunder.

"Evaluation Date" shall have the meaning ascribed to such term in Section 3.1(r).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"Exchange Agreement" shall mean the Share Exchange Agreement, dated as of December 29, 2010, by and among the Company, InspireMD Ltd., a company incorporated under the laws of the state of Israel ("InspireMD Ltd."), and the shareholders of InspireMD Ltd. that are signatory thereto, as amended to date and attached hereto as Exhibit F .

"Exempt Issuance" means the issuance of (a) shares of Common Stock or options to employees, officers, consultants or directors of the Company pursuant to the Stock Option Plan in an amount not to exceed 9,468,100 in the aggregate (subject to appropriate adjustments for any stock dividend, stock split, stock combination, reclassification or similar transaction after the Closing Date), (b) securities upon the exercise or exchange of or conversion of any Securities issued hereunder, (c) securities exercisable or exchangeable for or convertible into shares of Common Stock issued and outstanding on the date of this Agreement and listed on Schedule 3.1(g), provided that such securities have not been amended since the date of this Agreement to increase the number of such securities or to decrease the exercise price, exchange price or conversion price of such securities and (d) securities issued (other than for cash) in connection with a synergistic merger, acquisition, or consolidation of all or substantially all of the assets, securities or business division of another entity.

"FCPA" means the Foreign Corrupt Practices Act of 1977, as amended.

"FDA Approvals" shall have the meaning ascribed to such term in Section 3.1(oo).

"GAAP" shall have the meaning ascribed to such term in Section 3.1(h).

"GM" means Grushko & Mittman, P.C., with offices located at 515 Rockaway Avenue, Valley Stream, New York 11581.

"Harvard Trials" shall have the meaning ascribed to such term in Section 3.1(oo).

"Indebtedness" shall have the meaning ascribed to such term in Section 3.1(aa).

"Intellectual Property Rights" shall have the meaning ascribed to such term in Section 3.1(o).

"Irrevocable Transfer Agent Instructions" means the instruction letter to the Transfer Agent, a form of which is annexed hereto as Exhibit C .

"Israeli Counsel" means Karfi Leibovich Lawyers.

"Legend Removal Date" shall have the meaning ascribed to such term in Section 4.1(c).

"Liens" means a lien, charge pledge, security interest, encumbrance, right of first refusal, preemptive right or other restriction.

"Listing Default" shall have the meaning ascribed to such term in Section 4.10.

"Material Adverse Effect" shall have the meaning assigned to such term in Section 3.1(b).

"Material Permits" shall have the meaning ascribed to such term in Section 3.1(m).

"Offering" shall have the meaning ascribed to such term in the Preamble.

"Palladium" shall have the meaning ascribed to such term in Section 3.1(g).

"Per Share Purchase Price" equals $1.50, subject to appropriate adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

"Person" means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

"Proceeding" means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

"Protection Period" shall have the meaning ascribed to such term in Section 4.14.

"Public Information Failure" shall have the meaning ascribed to such term in Section 4.2(b).

"Public Information Failure Payments" shall have the meaning ascribed to such term in Section 4.2(b).

"Purchaser Party" shall have the meaning ascribed to such term in Section 4.8.

"Removal Date" means the date that all of the Shares and Warrant Shares have been sold pursuant to Rule 144 or may be sold pursuant to Rule 144 without the requirement for the Company to be in compliance with the current public information required under Rule 144 and without volume or manner-of-sale restrictions.

"Required Approvals" shall have the meaning ascribed to such term in Section 3.1(e).

"Rule 144" means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"Rule 424" means Rule 424 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended or interpreted from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same purpose and effect as such Rule.

"SEC Reports" shall have the meaning ascribed to such term in Section 3.1(q).

"Securities" means the Shares, the Warrants and the Warrant Shares.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"Share Exchange" shall have the meaning ascribed to such term in Section 2.2(a)(v).

"Shares" means the shares of Common Stock issued or issuable to each Purchaser pursuant to this Agreement.

"Short Sales" means all "short sales" as defined in Rule 200 of Regulation SHO under the Exchange Act (but shall not be deemed to include the location and/or reservation of borrowable shares of Common Stock).

"Stock Option Plan" means the Stock Option Plan, the form of which is annexed hereto as Exhibit D .

"Subscription Amount" means, as to each Purchaser, the aggregate amount to be paid for Shares and Warrants purchased hereunder as specified below such Purchaser's name on the signature page of this Agreement and next to the heading "Subscription Amount," in United States dollars and in immediately available funds.

"Subsidiary" means any subsidiary of the Company as set forth on Schedule 3.1(a) and shall, where applicable and with regard to future events, also include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

"Super 8-K" means the draft Form 8-K substantially and materially in the form annexed hereto as Exhibit E .

"Surrendered Notes" shall have the meaning ascribed to such term in Section 2.1.

"Trading Day" means a day on which the principal Trading Market is open for trading.

"Trading Market" means any of the following markets or exchanges on which the Common Stock is listed or quoted for trading on the date in question: the NYSE Amex Equities, the Nasdaq Capital Market, the Nasdaq Global Market, the Nasdaq Global Select Market, the New York Stock Exchange or the OTC Bulletin Board (or any successors to any of the foregoing).

"Transaction Documents" means this Agreement, the Warrants, the Escrow Agreement, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated hereunder.

"Transfer Agent" means Columbia Stock Transfer Company, the current transfer agent of the Company, with a mailing address of 601 E. Seltice Way, Suite 202, Post Falls, ID 83854, and a facsimile number of (208) 777-8998, and any successor transfer agent of the Company.

"Variable Rate Transaction" shall have the meaning ascribed to such term in Section 4.12(b).

"VWAP" means, for any date, the price determined by the first of the following clauses that applies: (a) if the Common Stock is then listed or quoted on a Trading Market, the daily volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the Trading Market on which the Common Stock is then listed or quoted as reported by Bloomberg L.P. (based on a Trading Day from 9:30 a.m. (New York City time) to 4:02 p.m. (New York City time)), (b) if the OTC Bulletin Board is not a Trading Market, the volume weighted average price of the Common Stock for such date (or the nearest preceding date) on the OTC Bulletin Board, (c) if the Common Stock is not then listed or quoted for trading on the OTC Bulletin Board and if prices for the Common Stock are then reported in the "Pink Sheets" published by OTC Markets Group Inc. (or a similar organization or agency succeeding to its functions of reporting prices), the most recent bid price per share of the Common Stock so reported, or (d) in all other cases, the fair market value of a share of Common Stock as determined by an independent appraiser selected in good faith by the Purchasers holding a majority in interest of the Shares then outstanding and reasonably acceptable to the Company, the fees and expenses of which shall be paid by the Company.

"Warrants" means, collectively, the Common Stock purchase warrants delivered to the Purchasers at the Closing in accordance with Section 2.2(a) hereof, which Warrants shall be exercisable immediately and have a 5-year term of exercise, in the form of Exhibit A attached hereto.

"Warrant Shares" means the shares of Common Stock issuable upon exercise of the Warrants.

ARTICLE II.
PURCHASE AND SALE

2.1 Closing . On the Closing Date, upon the terms and subject to the conditions set forth herein, substantially concurrent with the execution and delivery of this Agreement by the parties hereto, the Company agrees to sell, and the Purchasers, severally and not jointly, agree to purchase Shares and Warrants for up to an aggregate of $20,000,000 but not less than $9,000,000. Prior to the Closing, each Purchaser shall deliver to the Escrow Agent such Purchaser's Subscription Amount as set forth on the signature page hereto executed by such Purchaser by either (a) a wire transfer of immediately available funds or delivery of a certified check, to be held in a non-interest-bearing escrow account, or (b) surrender of an original instrument (or instruments), duly endorsed for transfer, evidencing indebtedness of the Company or any Subsidiary to such Purchaser equal to such Purchaser's Subscription Amount (each, a "Surrendered Note"), or a combination thereof equal to such Purchaser's Subscription Amount, and the Company shall, not later than forty-five (45) calendar days following the Closing Date, deliver to each Purchaser its respective Shares and a Warrant, as determined pursuant to Section 2.2(a). The Company and each Purchaser shall also deliver the other items set forth in Section 2.2 deliverable at the Closing. Upon satisfaction of the covenants and conditions set forth in Sections 2.2 and 2.3, the Closing shall occur at the offices of GM or such other location as the parties shall mutually agree.

2.2 Deliveries .

(a) On or prior to the Closing Date, the Company shall deliver or cause to be delivered to each Purchaser the following:

(i) (x) this Agreement duly executed by the Company and (y) the Escrow Agreement duly executed by the Company;

(ii) a legal opinion of Company Counsel and Israeli Counsel, substantially in the forms of Exhibit B-1 and Exhibit B-2 , respectively, attached hereto;

(iii) a copy of the irrevocable instructions to the Transfer Agent instructing the Transfer Agent to deliver, on an expedited basis, a certificate evidencing a number of Shares equal to such Purchaser's Subscription Amount divided by the Per Share Purchase Price, registered in the name of such Purchaser;

(iv) a Warrant registered in the name of such Purchaser to purchase up to a number of shares of Common Stock equal to fifty percent (50%) of such Purchaser's Shares, with an exercise price equal to $1.80, subject to adjustment therein;

(v) a certificate signed by the Company's CEO and CFO, to and for the benefit of the Purchasers that a closing occurred under the Exchange Agreement on the unamended terms of the Exchange Agreement without waiver by any party thereto of any conditions or term thereof (the "Share Exchange"); and

(vi) a copy of the Irrevocable Instructions to Transfer Agent countersigned by the Transfer Agent.

(b) On or prior to the Closing Date, each Purchaser shall deliver or cause to be delivered to the Company or the Escrow Agent, as applicable, the following:

(i) this Agreement duly executed by such Purchaser; and

(ii) to Escrow Agent, such Purchaser's Subscription Amount by wire transfer or certified check to the account specified in the Escrow Agreement.

2.3 Closing Conditions .

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects on the Closing Date of the representations and warranties of the Purchasers contained herein (unless as of a specific date therein in which case they shall be accurate as of such date);

(ii) all obligations, covenants and agreements of each Purchaser required to be performed at or prior to the Closing Date shall have been performed in all material respects;

(iii) the delivery by each Purchaser of the items set forth in Section 2.2(b) of this Agreement;

(iv) a closing shall have occurred on the terms and conditions described in the Exchange Agreement without any amendment thereto or waiver thereof; and

(v) the Company shall have received executed signature pages to this agreement from Purchasers showing an agreement to purchase at least an aggregate of $9,000,000 of Shares and Warrants hereunder and the Escrow Agent shall have received at least an aggregate of $9,000,000 in corresponding Subscription Amounts from such Purchasers in either cash, Surrendered Notes or a combination thereof.

(b) The respective obligations of the Purchasers hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects (determined without regard to any materiality, Material Adverse Effect or other similar qualifiers therein) when made and on the Closing Date of the representations and warranties of the Company contained herein (unless as of a specific date therein in which case they shall be accurate as of such date);

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed;

(iii) the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement;

(iv) there shall have been no Material Adverse Effect with respect to the Company since the date hereof;

(v) a closing shall have occurred on the terms and conditions described in the Exchange Agreement without any amendment thereto or waiver thereof;

(vi) from the date hereof to the Closing Date, trading in the Common Stock shall not have been suspended by the Commission or the Company's principal Trading Market, and, at any time prior to the Closing Date, trading in securities generally as reported by Bloomberg L.P. shall not have been suspended or limited, or minimum prices shall not have been established on securities whose trades are reported by such service, or on any Trading Market, nor shall a banking moratorium have been declared either by the United States or New York State authorities nor shall there have occurred any material outbreak or escalation of hostilities or other national or international calamity of such magnitude in its effect on, or any material adverse change in, any financial market which, in each case, in the reasonable judgment of such Purchaser, makes it impracticable or inadvisable to purchase the Securities at the Closing; and

(vii) the Company shall have received executed signature pages to this agreement from Purchasers showing an agreement to purchase at least an aggregate of $9,000,000 of Shares and Warrants hereunder and the Escrow Agent shall have received at least an aggregate of $9,000,000 in corresponding Subscription Amounts from such Purchasers in either cash, Surrendered Notes or a combination thereof.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company . Except as set forth in the Disclosure Schedules, which Disclosure Schedules shall be deemed a part hereof and shall qualify any representation or warranty made herein to the extent of the disclosure contained in the corresponding section of the Disclosure Schedules, the Company hereby makes the following representations and warranties to each Purchaser as of the Closing Date (subject to the qualification that all representations and warranties in this Article III that relate to, may relate to, or may pertain to information possessed by the Company prior to consummation of the Share Exchange are qualified solely to the extent of the Company's knowledge, with such knowledge being based solely on a review of Saguaro Resources, Inc.'s SEC Reports; provided, that the foregoing shall in no way qualify or limit the Company's representations and warranties that relate to, may relate to, or pertain to information possessed by InspireMD Ltd., a Subsidiary of the Company):

(a) Subsidiaries . All of the direct and indirect subsidiaries of the Company are set forth on Schedule 3.1(a) . The Company owns, directly or indirectly, a majority of the capital stock or other equity interests of each Subsidiary free and clear of any Liens, and all of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities.

(b) Organization and Qualification . The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization, with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation or default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified to conduct business and is in good standing as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in: (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, prospects or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, or (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document (any of (i), (ii) or (iii), a "Material Adverse Effect") and no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement . The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by this Agreement and each of the other Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of each of this Agreement and the other Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's stockholders in connection herewith or therewith other than in connection with the Required Approvals. This Agreement and each other Transaction Document to which it is a party has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

(d) No Conflicts . The execution, delivery and performance by the Company of this Agreement and the other Transaction Documents to which it is a party, the issuance and sale of the Securities and the consummation by it of the transactions contemplated hereby and thereby do not and will not: (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) subject to the Required Approvals, conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal, state and foreign securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals . The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other foreign or domestic federal, state, local or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than: (i) the filings required pursuant to Section 4.4 of this Agreement and (ii) the filing of a Form D with the Commission and such filings as are required to be made under applicable state securities laws (collectively, the "Required Approvals").

(f) Issuance of the Securities . The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens other than restrictions on transfer provided for in the Transaction Documents and Liens resulting from the activities of any Purchaser. The Company has reserved from its duly authorized capital stock the maximum stated number of shares of Common Stock issuable pursuant to this Agreement and the Warrants.

(g) Capitalization . The capitalization of the Company is as set forth on Schedule 3.1(g) , which Schedule 3.1(g) shall also include the number of shares of Common Stock owned beneficially, and of record, by Affiliates of the Company as of the date hereof. The Company has not issued any capital stock since its most recently filed periodic report under the Exchange Act, other than pursuant to the Exchange Agreement. No Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents (including, but not limited, under Sections 4.9 and 4.14 hereof). Except as a result of the purchase and sale of the Securities and as set forth on Schedule 3.1(g) , there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire any shares of Common Stock, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional shares of Common Stock or Common Stock Equivalents. The only stock option or similar plan applicable to the Company is the Stock Option Plan. Except as set forth on Schedule 3.1(g) , the Subsidiaries do not have any stock option or similar plans. The issuance and sale of the Securities will not obligate the Company to issue shares of Common Stock or other securities to any Person (other than the Purchasers) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. All of the outstanding shares of capital stock of the Company are duly authorized, validly issued, fully paid and nonassessable, have been issued in compliance with all federal and state securities laws, and none of such outstanding shares was issued in violation of any preemptive rights or similar rights to subscribe for or purchase securities. No further approval or authorization of any stockholder, the Board of Directors or others is required for the issuance and sale of the Securities. There are no stockholders agreements, voting agreements or other similar agreements with respect to the Company's capital stock to which the Company is a party or, to the knowledge of the Company, between or among any of the Company's stockholders. The Company represents that based on the capitalization of the Company immediately prior to Closing, the minimum aggregate Subscription Amount of $9,000,000 will acquire an amount of Common Stock equal to not less than 10% of the outstanding shares of Common Stock of the Company on a fully diluted basis but exclusive of Common Stock issuable pursuant to the Stock Option Plan, any warrants issuable to Palladium Capital Advisors, LLC ("Palladium") in connection with the Offering, as disclosed in Schedule 3.1(s) , and warrants to issue up to 2,500,000 shares of Common Stock that will be issued immediately following the Closing (i.e. $85,000,000 pre-money valuation).

(h) Super 8-K; Financial Statements . The Super 8-K, upon its filing, will comply in all material respects with the requirements of the Securities Act and the Exchange Act, as applicable, and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The financial statements of the Company included in the Super 8-K comply with applicable accounting requirements and the rules and regulations of the Commission with respect thereto as in effect at the time of filing. Such financial statements have been prepared in accordance with United States generally accepted accounting principles applied on a consistent basis during the periods involved ("GAAP"), except as may be otherwise specified in such financial statements or the notes thereto and except that unaudited financial statements may not contain all footnotes required by GAAP, and fairly present in all material respects the financial position of the Company and its consolidated Subsidiaries as of and for the dates thereof and the results of operations and cash flows for the periods then ended, subject, in the case of unaudited statements, to normal, immaterial, year-end audit adjustments.

(i) Material Changes; Undisclosed Events, Liabilities or Developments . Since the date of the latest audited financial statements included within the Super 8-K, except as specifically disclosed in Schedule 3.1(i) : (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice, (iii) the Company has not altered its method of accounting, (iv) the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock and (v) the Company has not issued any equity securities to any officer, director or Affiliate. The Company does not have pending before the Commission any request for confidential treatment of information. Except for the issuance of the Securities contemplated by this Agreement and as set forth on Schedule 3.1(i) , no event, liability, fact, circumstance, occurrence or development has occurred or exists, or is reasonably expected to occur or exist, with respect to the Company or its Subsidiaries or their respective businesses, properties, operations, assets or financial condition, that would be required to be disclosed by the Company under applicable securities laws at the time this representation is made or deemed made that has not been publicly disclosed at least one (1) Trading Day prior to the date that this representation is made or is described in the Super 8-K.

(j) Litigation . Except as set forth on Schedule 3.1(j) , there is no action, suit, inquiry, notice of violation, proceeding or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an "Action"), nor is there any reasonable basis for any of the foregoing. Neither the Company nor any Subsidiary, nor, to the Company's knowledge, any director or officer thereof, is or has been the subject of any Action involving a claim of violation of or liability under federal or state securities laws or a claim of breach of fiduciary duty. There has not been, and to the knowledge of the Company, there is not pending or contemplated, any investigation by the Commission involving the Company or any current or former director or officer of the Company, nor is there any reasonable basis for any of the foregoing. The Commission has not issued any stop order or other order suspending the effectiveness of any registration statement filed by the Company or any Subsidiary under the Exchange Act or the Securities Act.

(k) Labor Relations . No material labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company. None of the Company's or its Subsidiaries' employees is a member of a union that relates to such employee's relationship with the Company or such Subsidiary, and neither the Company nor any of its Subsidiaries is a party to a collective bargaining agreement, and the Company and its Subsidiaries believe that their relationships with their employees are good. To the knowledge of the Company, no executive officer of the Company or any Subsidiary is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters. The Company and its Subsidiaries are in (i) compliance with all foreign laws and regulations relating to worker classification, employment and employment practices, terms and conditions of employment and wages and hours, except where the failure to be in compliance could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect and (ii) material compliance with all U.S. federal, state and local and foreign laws and regulations relating to worker classification, employment and employment practices, terms and conditions of employment and wages and hours.

(l) Compliance . Except as set forth on Schedule 3.1(l) , neither the Company nor any Subsidiary: (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any material judgment, decree, or order of any court, arbitrator or other governmental authority or (iii) is or has been in violation of any material statute, rule, ordinance or regulation of any governmental authority, including without limitation all material foreign, federal, state and local laws relating to taxes, environmental protection, occupational health and safety, product quality and safety and employment and labor matters, except in the case of clause (i) as could not have or reasonably be expected to result in a Material Adverse Effect.

(m) Regulatory Permits . The Company and the Subsidiaries possess all material certificates, authorizations and permits issued by the appropriate federal, state, local or foreign regulatory authorities necessary to conduct their respective businesses as actually conducted and as described in the Super 8-K ("Material Permits"), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(n) Title to Assets . The Company and the Subsidiaries have good and marketable title in fee simple to all real property owned by them and good and marketable title in all personal property owned by them that is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens, except for (i) Liens as do not materially affect the value of such property and do not materially interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries and (ii) Liens for the payment of federal, state or other taxes, for which appropriate reserves have been made therefor in accordance with GAAP and the payment of which is neither delinquent nor subject to penalties. Any real property and facilities held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with which the Company and the Subsidiaries are in compliance.

(o) Intellectual Property . The Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights as necessary or required for use in connection with their respective businesses (collectively, the "Intellectual Property Rights"). None of, and neither the Company nor any Subsidiary has received a notice (written or otherwise) that any of, the Intellectual Property Rights has expired, terminated or been abandoned, or is expected to expire or terminate or be abandoned, within two (2) years from the date of this Agreement. Neither the Company nor any Subsidiary has received a written notice of a claim or otherwise has any knowledge that the Intellectual Property Rights violate or infringe upon the rights of any Person. To the knowledge of the Company, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. The Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their material intellectual properties. All past and present founders, members of management, employees and consultants of the Company and each of its Subsidiaries that are engaged in research and development activities or that could be reasonably expected to make or conceive developments and inventions, have executed and delivered to the Company or applicable Subsidiary a binding written agreement assigning to the Company or the applicable Subsidiary all developments and inventions of such employee or consultant. No government funding, facilities or resources of a university, college, other educational institution or research center or funding from third parties was used in the development of the Company Intellectual Property and no governmental entity, university, college, other educational institution or research center has any claim or right in or to the Company Intellectual Property.

(p) Insurance . The Company and the Subsidiaries are insured against such losses and risks and in such amounts, and by such insurers, as are prudent and customary in the businesses in which the Company and the Subsidiaries are engaged, including, but not limited to, directors and officers insurance of not less than $5,000,000 and product liability insurance of not less than $5,000,000 or as otherwise mandated by any contractual obligations of the Company or any of its Subsidiaries. Neither the Company nor any Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business without a significant increase in cost.

(q) Transactions With Affiliates and Employees . Except as set forth in the Company's filings with the Commission under the Securities Act and the Exchange Act, which shall be deemed to include the Super 8-K (collectively, the "SEC Reports") and Schedule 3.1(q) , none of the officers or directors of the Company or any Subsidiary and none of the employees of the Company or any Subsidiary is presently a party to any transaction with the Company or any Subsidiary (other than for services as employees, officers and directors), including any contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, providing for the borrowing of money from or lending of money to or otherwise requiring payments to or from any officer, director or such employee or, to the knowledge of the Company, any entity in which any officer, director, or any such employee has a substantial interest or is an officer, director, trustee, stockholder, member or partner, in each case in excess of $120,000 other than for: (i) payment of salary or consulting fees for services rendered, (ii) reimbursement for expenses incurred on behalf of the Company and (iii) other employee benefits, including stock option agreements under any stock option plan of the Company.

(r) Money Laundering . The operations of the Company and its Subsidiaries are and have been conducted at all times in compliance with applicable financial record-keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, applicable money laundering statutes and applicable rules and regulations thereunder (collectively, the "Money Laundering Laws"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or any Subsidiary with respect to the Money Laundering Laws is pending or, to the knowledge of the Company or any Subsidiary, threatened, nor is there any reasonable basis for any of the foregoing.

(s) Certain Fees . No brokerage or finder's fees or commissions are or will be payable by the Company or any Subsidiary to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents, other than Palladium, as set forth on Schedule 3.1(s) , which fees shall be paid on the Closing Date. On the Closing Date, the Company will pay the fees set forth on Schedule 3.1(s) . The Purchasers shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Transaction Documents other than as a result of an agreement or other arrangement entered into by a Purchaser with a third party broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to such Purchaser's activities in connection with the transactions contemplated by the Transaction Documents.

(t) Private Placement . Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, no registration under the Securities Act is required for the offer and sale of the Securities by the Company to the Purchasers as contemplated hereby. The issuance and sale of the Securities hereunder does not contravene the rules and regulations of the Trading Market.

(u) Investment Company . The Company is not, and is not an Affiliate of, and immediately after receipt of payment for the Securities, will not be or be an Affiliate of, an "investment company" within the meaning of the Investment Company Act of 1940, as amended. The Company shall conduct its business in a manner so that it will not become an "investment company" subject to registration under the Investment Company Act of 1940, as amended.

(v) Registration Rights . No Person has any right to cause the Company to effect the registration under the Securities Act of any securities of the Company or any Subsidiary.

(w) Listing and Maintenance Requirements . The Company has not, in the twenty-four (24) months preceding the date hereof, received notice from any Trading Market on which the Common Stock is or has been listed or quoted to the effect that the Company is not in compliance with the listing or maintenance requirements of such Trading Market.

(x) Application of Takeover Protections . The Company and the Board of Directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Company's Certificate of Incorporation (or similar charter documents) or the laws of its state of incorporation that is or could become applicable to the Purchasers as a result of the Purchasers and the Company fulfilling their obligations or exercising their rights under the Transaction Documents, including without limitation as a result of the Company's issuance of the Securities and the Purchasers' ownership of the Securities.

(y) Disclosure . Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, the Disclosure Schedules and the Super 8-K, the Company confirms that neither it nor any other Person acting on its behalf has provided any of the Purchasers or their agents or counsel with any information that it believes constitutes or might constitute material, non-public information. The Company understands and confirms that the Purchasers will rely on the foregoing representation in effecting transactions in securities of the Company. All of the disclosure furnished by or on behalf of the Company to the Purchasers regarding the Company and its Subsidiaries, their respective businesses and the transactions contemplated hereby, including the Disclosure Schedules to this Agreement, is true and correct and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. The Company acknowledges and agrees that no Purchaser makes or has made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in Section 3.2 hereof.

(z) No Integrated Offering . Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, neither the Company, nor any of its Affiliates, nor any Person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of (i) the Securities Act which would require the registration of any such securities under the Securities Act, or (ii) any applicable shareholder approval provisions of any Trading Market on which any of the securities of the Company are listed or designated.

(aa) Solvency . Based on the consolidated financial condition of the Company as of the Closing Date, after giving effect to the receipt by the Company of the proceeds from the sale of the Securities hereunder: (i) the fair saleable value of the Company's assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature, (ii) the Company's assets do not constitute unreasonably small capital to carry on its business as now conducted and as proposed to be conducted including its capital needs taking into account the particular capital requirements of the business conducted by the Company, consolidated and projected capital requirements and capital availability thereof, and (iii) the current cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of its liabilities when such amounts are required to be paid. The Company does not intend to incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be payable on or in respect of its debt). The Company has no knowledge of any facts or circumstances which lead it to believe that it will file for reorganization or liquidation under the bankruptcy or reorganization laws of any jurisdiction within one year from the Closing Date. Schedule 3.1(aa) sets forth as of the date hereof all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. For the purposes of this Agreement, "Indebtedness" means (x) any liabilities for borrowed money or amounts owed in excess of $100,000 (other than trade accounts payable incurred in the ordinary course of business) (and the Company represents that the aggregate amount of all liabilities for borrowed money or amounts owed equal to or less than $100,000 does not exceed $1,000,000), (y) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others, whether or not the same are or should be reflected in the Company's consolidated balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (z) the present value of any lease payments in excess of $100,000 due under leases required to be capitalized in accordance with GAAP. Neither the Company nor any Subsidiary is in default with respect to any Indebtedness.

(bb) Tax Status . Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in payments, fines or penalties in excess of $100,000 in the aggregate, the Company and its Subsidiaries each (i) has made or filed all United States federal, state and local income and sales and all foreign income, sales and franchise tax returns, reports and declarations required by any jurisdiction to which it is subject, (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations and (iii) has set aside on its books provision reasonably adequate for the payment of all material taxes for periods subsequent to the periods to which such returns, reports or declarations apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction, and the officers of the Company or of any Subsidiary know of no basis for any such claim.

(cc) No General Solicitation . Neither the Company nor, to the knowledge of the Company, any person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising. The Company has offered the Securities for sale only to the Purchasers and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act.

(dd) Foreign Corrupt Practices . Neither the Company nor any Subsidiary, nor to the knowledge of the Company, any agent or other person acting on behalf of the Company or any Subsidiary, has: (i) directly or indirectly, used any funds for unlawful contributions, gifts, entertainment or other unlawful expenses related to foreign or domestic political activity, (ii) made any unlawful payment to foreign or domestic government officials or employees or to any foreign or domestic political parties or campaigns from corporate funds or for the benefit of the Company or any of its Subsidiaries, (iii) failed to disclose fully any contribution made by the Company or any Subsidiary (or made by any person acting on its behalf of which the Company is aware) which is in violation of law or (iv) violated any provision of the Foreign Corrupt Practices Act of 1977, as amended.

(ee) Accountants . The Company's accounting firm is set forth on Schedule 3.1(ee) of the Disclosure Schedules. To the knowledge and belief of the Company after reasonable investigation, such accounting firm is a registered public accounting firm as required by the Exchange Act.

(ff) No Disagreements with Accountants and Lawyers . Except as set forth on Schedule 3.1(ff) , there are no disagreements of any kind presently existing, or reasonably anticipated by the Company to arise, between the Company and the accountants and lawyers formerly or presently employed by the Company and the Company is current with respect to any fees owed to its accountants and lawyers which could affect the Company's ability to perform any of its obligations under any of the Transaction Documents.

(gg) Acknowledgment Regarding Purchasers' Purchase of Securities . The Company acknowledges and agrees that each of the Purchasers is acting solely in the capacity of an arm's length purchaser with respect to the Transaction Documents and the transactions contemplated thereby. The Company further acknowledges that no Purchaser is acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated thereby and any advice given by any Purchaser or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated thereby is merely incidental to the Purchasers' purchase of the Securities. The Company further represents to each Purchaser that the Company's decision to enter into this Agreement and the other Transaction Documents has been based solely on the independent evaluation of the transactions contemplated hereby by the Company and its representatives.

(hh) Acknowledgment Regarding Purchaser's Trading Activity . Anything in this Agreement or elsewhere herein to the contrary notwithstanding (except for Sections 3.2(f) and 4.14 hereof), it is understood and acknowledged by the Company that: (i) none of the Purchasers has been asked by the Company to agree, nor has any Purchaser agreed, to desist from purchasing or selling, long and/or short, securities of the Company, or "derivative" securities based on securities issued by the Company or to hold the Securities for any specified term, (ii) past or future open market or other transactions by any Purchaser, specifically including, without limitation, Short Sales or "derivative" transactions, before or after the closing of this or future private placement transactions, may negatively impact the market price of the Company's publicly-traded securities, (iii) any Purchaser, and counter-parties in "derivative" transactions to which any such Purchaser is a party, directly or indirectly, may presently have a "short" position in the Common Stock and (iv) each Purchaser shall not be deemed to have any affiliation with or control over any arm's length counter-party in any "derivative" transaction. The Company further understands and acknowledges that (y) one or more Purchasers may engage in hedging activities in accordance with all applicable laws at various times during the period that the Securities are outstanding, including, without limitation, during the periods that the value of the Warrant Shares deliverable with respect to Securities are being determined, and (z) such hedging activities (if any) could reduce the value of the existing stockholders' equity interests in the Company at and after the time that the hedging activities are being conducted. The Company acknowledges that such aforementioned hedging activities do not constitute a breach of any of the Transaction Documents.

(ii) Regulation M Compliance . The Company has not, and to its knowledge no one acting on its behalf has, (i) taken, directly or indirectly, any action designed to cause or to result in the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of any of the Securities, (ii) sold, bid for, purchased, or paid any compensation for soliciting purchases of, any of the Securities, or (iii) paid or agreed to pay to any Person any compensation for soliciting another to purchase any other securities of the Company, other than, in the case of clauses (ii) and (iii), compensation paid to the Company's placement agent in connection with the placement of the Securities.

(jj) Stock Option Plans . Except as set forth on Schedule 3.1(jj) , as of the Closing Date, no stock options have been granted, nor any commitments made to grant stock options, under the Stock Option Plan, and neither the Company nor any Subsidiary has ever had an option plan other than the Stock Option Plan.

(kk) Office of Foreign Assets Control . Neither the Company nor any Subsidiary nor, to the Company's knowledge, any director, officer, agent, employee or affiliate of the Company or any Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC").

(ll) Translations. All translations provided to the Purchasers in connection with the transactions contemplated by any of the Transaction Documents are complete and accurate English language translations of the original.

(mm) Health Regulatory Matters . The Company and its Subsidiaries have complied in all material respects with all statutes and regulations related to the research, manufacture and sale of medical device products to the extent applicable to the Company's and its Subsidiaries' activities. Items manufactured or under investigation by the Company and its Subsidiaries comply with all applicable manufacturing practices regulations and other requirements established by government regulators in the jurisdictions in which the Company or its Subsidiaries manufacture their products. To the Company's knowledge, it is not and its Subsidiaries are not the subject of any investigation by any competent authority with respect to the development, testing, manufacturing and distribution of their products, nor has any investigation, prosecution, or other enforcement action been threatened by any regulatory agency. Neither the Company nor any of its Subsidiaries has received from any regulatory agency any letter or other document asserting that the Company or any Subsidiary has violated any statute or regulation enforced by that agency with respect to the development, testing, manufacturing and distribution of their products. To the Company's knowledge, research conducted by or for the Company and its Subsidiaries has complied in all material respects with all applicable legal requirements. To the Company's knowledge, research involving human subjects conducted by or for the Company and its Subsidiaries has been conducted in compliance in all respects with all applicable statutes and regulations governing the protection of human subjects and not involved any investigator who has been disqualified as a clinical investigator by any regulatory agency or has been found by any agency with jurisdiction to have engaged in scientific misconduct.

(nn) Business Activities . To the Company's knowledge, the Company has not engaged in any business activities prior to the Share Exchange other than as set forth in the SEC Reports.

(oo) Estimated Costs . Based upon the Company's current projections, and subject to change, the Company believes that it will be required to spend $3.4 million during the first two years following the Closing on (i) the completion of the "MGuard Stent System Clinical Trial in Patients with Acute Myocardial Infarction" to be performed by Harvard Clinical Research Institute, Inc. (the "Harvard Trials") and (ii) obtaining the approval of the United States Food and Drug Administration for the sale of the Company's products in the United States (the "FDA Approvals).

3.2 Representations and Warranties of the Purchasers . Each Purchaser, for itself and for no other Purchaser, hereby represents and warrants as of the date hereof and as of the Closing Date to the Company as follows (unless as of a specific date therein):

(a) Organization; Authority . Such Purchaser is either an individual or an entity duly incorporated or formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation or formation with full right, corporate, partnership, limited liability company or similar power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by such Purchaser of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate, partnership, limited liability company or similar action, as applicable, on the part of such Purchaser. Each Transaction Document to which it is a party has been duly executed by such Purchaser, and when delivered by such Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of such Purchaser, enforceable against it in accordance with its terms, except: (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally and (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

(b) Own Account . Such Purchaser understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities in violation of the Securities Act or any applicable state securities law (this representation and warranty not limiting such Purchaser's right to sell the Securities in compliance with applicable federal and state securities laws). Such Purchaser is acquiring the Securities hereunder in the ordinary course of its business.

(c) Purchaser Status . At the time such Purchaser was offered the Securities, it was, and as of the date hereof it is, and on each date on which it exercises any Warrants, it will be either: (i) an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act. Such Purchaser is not required to be registered as a broker-dealer under Section 15 of the Exchange Act.

(d) Experience of Such Purchaser . Such Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. Such Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment.

(e) General Solicitation . Such Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(f) Certain Transactions and Confidentiality . Other than consummating the transactions contemplated hereunder, such Purchaser has not directly or indirectly, nor has any Person acting on behalf of or pursuant to any understanding with such Purchaser, executed any purchases or sales, including Short Sales, of the securities of the Company during the period commencing as of the time that such Purchaser first received a term sheet (written or oral) from the Company or any other Person representing the Company setting forth the material terms of the transactions contemplated hereunder and ending immediately prior to the execution hereof. Notwithstanding the foregoing, in the case of a Purchaser that is a multi-managed investment vehicle whereby separate portfolio managers manage separate portions of such Purchaser's assets and the portfolio managers have no direct knowledge of the investment decisions made by the portfolio managers managing other portions of such Purchaser's assets, the representation set forth above shall only apply with respect to the portion of assets managed by the portfolio manager that made the investment decision to purchase the Securities covered by this Agreement. Other than to other Persons party to this Agreement, such Purchaser has maintained the confidentiality of all proprietary and non-public disclosures made to it in connection with this transaction (including the existence and terms of this transaction). Notwithstanding the foregoing, for avoidance of doubt, nothing contained herein shall constitute a representation or warranty, or preclude any actions, with respect to the identification of the availability of, or securing of, available shares to borrow in order to effect Short Sales or similar transactions in the future.

(g) Disclosure of Information . Such Purchaser has had the opportunity to receive all additional information related to the Company requested by it and to ask questions of, and receive answers from, the Company regarding the Company and the terms and conditions of this offering of the Securities. Such Purchaser has also had access to copies of the SEC Reports.

The Company acknowledges and agrees that the representations contained in Section 3.2 shall not modify, amend or affect such Purchaser's right to rely on the Company's representations and warranties contained in this Agreement or any representations and warranties contained in any other Transaction Document or any other document or instrument executed and/or delivered in connection with this Agreement or the consummation of the transaction contemplated hereby.

ARTICLE IV.
OTHER AGREEMENTS OF THE PARTIES

4.1 Transfer Restrictions .

(a) The Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of a Purchaser or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and shall have the rights and obligations of a Purchaser under this Agreement.

(b) The Purchasers agree to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Securities in the following form:

THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

The Company acknowledges and agrees that a Purchaser may from time to time pledge pursuant to a bona fide margin agreement with a registered broker-dealer or grant a security interest in some or all of the Securities to a financial institution that is an "accredited investor" as defined in Rule 501(a) under the Securities Act and who agrees to be bound by the provisions of this Agreement and, if required under the terms of such arrangement, such Purchaser may transfer pledged or secured Securities to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval of the Company and no legal opinion of legal counsel of the pledgee, secured party or pledgor shall be required in connection therewith. Further, no notice shall be required of such pledge. At the appropriate Purchaser's expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Securities may reasonably request in connection with a pledge or transfer of the Securities.

(c) Certificates evidencing the Shares and Warrant Shares shall not contain any legend (including the legend set forth in Section 4.1(b) hereof), (i) following any sale of such Shares or Warrant Shares pursuant to Rule 144, or (ii) if such Shares or Warrant Shares are eligible for sale under Rule 144, without the requirement for the Company to be in compliance with the current public information required under Rule 144 as to such Shares and Warrant Shares and without volume or manner-of-sale restrictions, or (iii) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission). The Company shall cause its counsel to issue a legal opinion to the Transfer Agent promptly after the Removal Date if required by the Transfer Agent to effect the removal of the legend hereunder. If all or any portion of the Shares are included in or a Warrant is exercised at a time when there is an effective registration statement to cover the resale of the Shares and Warrant Shares (and the Purchaser provides the Company or the Company's counsel with any reasonable certifications requested by the Company with respect to future sales of such Shares or Warrant Shares) or the Shares or Warrant Shares may be sold under Rule 144 without the requirement for the Company to be in compliance with the current public information and any other limitations or requirements set forth in Rule 144 or if a legend is not otherwise required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Commission) then such Shares will be reissued without the legend and Warrant Shares shall be issued free of all legends. The Company agrees that following the Removal Date or at such time as such legend is no longer required under this Section 4.1(c), it will, no later than seven Trading Days following the delivery by a Purchaser to the Company or the Transfer Agent of a certificate representing Shares or Warrant Shares, as the case may be, issued with a restrictive legend, together with any reasonable certifications requested by the Company, the Company's counsel or the Transfer Agent (such seventh Trading Day, the "Legend Removal Date"), deliver or cause to be delivered to such Purchaser a certificate representing such shares that is free from all restrictive and other legends. The Company may not make any notation on its records or give instructions to the Transfer Agent that enlarge the restrictions on transfer set forth in this Section 4. Certificates for Securities subject to legend removal hereunder shall be transmitted by the Transfer Agent to the Purchaser by crediting the account of the Purchaser's prime broker with the Depository Trust Company System as directed by such Purchaser if the Transfer Agent is then a participant in such system and either (i) there is an effective registration statement permitting the resale of such Securities by the Purchaser (and the Purchaser provides the Company or the Company's counsel with any requested certifications with respect to future sales of such Securities) or (ii) the shares are eligible for resale by the Holder without may be sold without the requirement for the Company to be in compliance with Rule 144(c)(1) of the Securities Act.

(d) In addition to such Purchaser's other available remedies, the Company shall pay to a Purchaser, in cash, as partial liquidated damages and not as a penalty, for each $1,000 of Shares or Warrant Shares (based on the VWAP of the Common Stock on the date such Securities are submitted to the Transfer Agent) delivered for removal of the restrictive legend and subject to Section 4.1(c), $10 per Trading Day (increasing to $20 per Trading Day seven (7) Trading Days after such damages have begun to accrue) for each Trading Day after the second Trading Day following the Legend Removal Date until such certificate is delivered without a legend. Nothing herein shall limit such Purchaser's right to pursue actual damages for the Company's failure to deliver certificates representing any Securities as required by the Transaction Documents, and such Purchaser shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief.

4.2 Furnishing of Information; Public Information .

(a) The Company agrees to cause the Common Stock to be registered under Section 12(b) or 12(g) of the Exchange Act on or before the 270 th calendar day following the date of this Agreement. Until the earliest of the time that (i) no Purchaser owns Securities, (ii) the Warrants have expired, or (iii) five (5) years after the Closing Date, the Company covenants to maintain the registration of the Common Stock under Section 12(b) or 12(g) of the Exchange Act and to timely file (or obtain extensions in respect thereof and file within the applicable grace period) all reports required to be filed by the Company after the date hereof pursuant to the Exchange Act even if the Company is not then subject to the reporting requirements of the Exchange Act.

(b) At any time during the period commencing from the 12-month anniversary of the date hereof and ending 24 months after the Closing Date, if the Company shall fail for any reason to satisfy the current public information requirement under Rule 144(c) (a "Public Information Failure") then, in addition to such Purchaser's other available remedies, the Company shall pay to a Purchaser, in cash, as partial liquidated damages and not as a penalty, by reason of any such delay in or reduction of its ability to sell the Securities, an amount in cash equal to two percent (2.0%) of the aggregate Subscription Amount of such Purchaser's Securities on the day of a Public Information Failure and on every thirtieth (30 th) day (prorated for periods totaling less than thirty days) thereafter until the earlier of (a) the date such Public Information Failure is cured and (b) such time that such public information is no longer required for the Purchasers to transfer the Shares and Warrant Shares pursuant to Rule 144. The payments to which a Purchaser shall be entitled pursuant to this Section 4.2(b) are referred to herein as "Public Information Failure Payments". Public Information Failure Payments shall be paid on the earlier of (i) the last day of the calendar month during which such Public Information Failure Payments are incurred, and (ii) the third (3 rd) Business Day after the event or failure giving rise to the Public Information Failure Payments is cured. In the event the Company fails to make Public Information Failure Payments in a timely manner, such Public Information Failure Payments shall bear interest at the rate of one and one-half percent (1.5%) per month (prorated for partial months) until paid in full. Nothing herein shall limit such Purchaser's right to pursue actual damages for the Public Information Failure, and such Purchaser shall have the right to pursue all remedies available to it at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief.

(c) The provision of Sections 4.2(a) and (b) shall not apply after (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of fifty percent (50%) or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than fifty percent (50%) of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination).

4.3 Integration . The Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities in a manner that would require the registration under the Securities Act of the sale of the Securities or that would be integrated with the offer or sale of the Securities for purposes of the rules and regulations of any Trading Market such that it would require shareholder approval prior to the closing of such other transaction unless shareholder approval is obtained before the closing of such subsequent transaction.

4.4 Securities Laws Disclosure; Publicity . The Company shall file the Super 8-K, including the Transaction Documents as exhibits thereto, with the Commission not later than the fourth Trading Day after the Closing Date. From and after the filing of the Super 8-K, the Company represents to the Purchasers that it shall have publicly disclosed all material, non-public information delivered to any of the Purchasers by the Company or any of its Subsidiaries, or any of their respective officers, directors, employees or agents in connection with the transactions contemplated by the Transaction Documents. The Company shall not publicly disclose the name of any Purchaser, or include the name of any Purchaser in any filing with the Commission or any regulatory agency or Trading Market, without the prior written consent of such Purchaser, except: (a) as required by federal securities law in connection with the filing of final Transaction Documents (including signature pages thereto) with the Commission, and (b) to the extent such disclosure is required by law or Trading Market regulations, in which case the Company shall provide the Purchasers with prior notice of such disclosure permitted under this clause (b).

4.5 Non-Public Information . Except with respect to the material terms and conditions of the transactions contemplated by the Transaction Documents, the Company covenants and agrees that neither it, nor any other Person acting on its behalf, will provide any Purchaser or its agents or counsel with any information that the Company believes constitutes material non-public information, unless prior thereto such Purchaser shall have entered into a written agreement with the Company regarding the confidentiality and use of such information. The Company understands and confirms that each Purchaser shall be relying on the foregoing covenant in effecting transactions in securities of the Company.

4.6 Use of Proceeds . The Company currently intends to use the net proceeds from the sale of the Securities hereunder for the purposes set forth on Schedule 4.6 attached hereto, subject to general market conditions; provided, however, that the Company agrees to segregate the amounts set forth on Schedule 4.6 attached hereto for the purpose of (i) completing the Harvard Trials and (ii) the FDA Approvals; provided, further, that except as set forth on Schedule 4.6 , the Company shall not use such proceeds: (a) for the satisfaction of any portion of the Company's debt (other than payment of trade payables in the ordinary course of the Company's business and prior practices), (b) for the redemption of any Common Stock or Common Stock Equivalents, (c) for the settlement of any outstanding litigation, (d) in violation of the law, including FCPA or OFAC or (e) for the development of new products not substantially related to the Company's current products in production or development as of the date hereof.

4.7 Indemnification of Purchasers . Subject to the provisions of this Section 4.7, the Company will indemnify and hold each Purchaser and its directors, officers, shareholders, members, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls such Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, shareholders, agents, members, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling persons (each, a "Purchaser Party") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any such Purchaser Party may suffer or incur as a result of or relating to (a) any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents or (b) any action instituted against the Purchaser Parties in any capacity, or any of them or their respective Affiliates, by any stockholder of the Company who is not an Affiliate of such Purchaser Party, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is based upon a breach of such Purchaser Party's representations, warranties or covenants under the Transaction Documents or any agreements or understandings such Purchaser Party may have with any such stockholder or any violations by such Purchaser Party of state or federal securities laws or any conduct by such Purchaser Party which constitutes fraud, gross negligence, willful misconduct or malfeasance). If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, such Purchaser Party shall promptly notify the Company in writing, and the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Purchaser Party. Any Purchaser Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Purchaser Party except to the extent that (i) the employment thereof has been specifically authorized by the Company in writing, (ii) the Company has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of such Purchaser Party's counsel, a material conflict on any material issue between the position of the Company and the position of such Purchaser Party, in which case the Company shall be responsible for the reasonable fees and expenses of no more than one such separate counsel. The Company will not be liable to any Purchaser Party under this Agreement (y) for any settlement by a Purchaser Party effected without the Company's prior written consent, which shall not be unreasonably withheld, conditioned or delayed; or (z) to the extent, but only to the extent that a loss, claim, damage or liability is attributable to any Purchaser Party's breach of any of the representations, warranties, covenants or agreements made by such Purchaser Party in this Agreement or in the other Transaction Documents. The indemnification required by this Section 4.7 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or are incurred. The indemnity agreements contained herein shall be in addition to any cause of action or similar right of any Purchaser Party against the Company or others and any liabilities the Company may be subject to pursuant to law.

4.8 Reservation of Common Stock . As of the date hereof, the Company has reserved and the Company shall continue to reserve and keep available at all times, free of preemptive rights, a sufficient number of shares of Common Stock for the purpose of enabling the Company to issue Shares pursuant to this Agreement and Warrant Shares pursuant to any exercise of the Warrants.

4.9 Listing of Common Stock . The Company hereby agrees to use best efforts to maintain the listing or quotation of the Common Stock on the Trading Market on which it is currently listed, and concurrently with the Closing, the Company shall apply to list or quote all of the Shares and Warrant Shares on such Trading Market and promptly secure the listing of all of the Shares and Warrant Shares on such Trading Market. The Company further agrees, if the Company applies to have the Common Stock traded on any other Trading Market, it will then include in such application all of the Shares and Warrant Shares, and will take such other action as is necessary to cause all of the Shares and Warrant Shares to be listed or quoted on such other Trading Market as promptly as possible. The Company will then take all action necessary to continue the listing or quotation and trading of its Common Stock on a Trading Market until at least three years after the Closing Date and will comply in all respects with the Company's reporting, filing and other obligations under the bylaws or rules of the Trading Market at least until three years after the Closing Date. The Company undertakes to obtain a listing of the Common Stock on a Trading Market other than the OTC Bulletin Board within 270 days after the Closing Date. Upon the attainment of such listing, the OTC Bulletin Board shall not thereafter be a Trading Market. In the event the Company fails to obtain such listing within 270 days after the Closing Date (a "Listing Default"), the Company shall promptly, but not later than the 280 th day after the Closing Date, issue and deliver to each Purchaser additional shares of Common Stock ("Additional Listing Shares") in an amount equal to ten percent (10%) of the Shares acquired by each such Purchaser on the Closing Date. The Additional Listing Shares will be deemed issued pursuant to this Agreement and the holder of the Additional Listing Shares is granted all of the rights and benefits of the Holder of the Shares.

4.10 Subsequent Equity Sales and Issuances .

(a) From the date hereof until the first anniversary of the Closing Date, the Company shall be prohibited from effecting or entering into an agreement to effect any issuance by the Company or any of its Subsidiaries of Common Stock or Common Stock Equivalents for cash consideration (or a combination of units thereof) involving a Variable Rate Transaction. "Variable Rate Transaction" means a transaction in which the Company (i) issues or sells any debt or equity securities that are convertible into, exchangeable or exercisable for, or include the right to receive, additional shares of Common Stock either (A) at a conversion price, exercise price or exchange rate or other price that is based upon, and/or varies with, the trading prices of or quotations for the shares of Common Stock at any time after the initial issuance of such debt or equity securities or (B) with a conversion, exercise or exchange price that is subject to being reset at some future date after the initial issuance of such debt or equity security or upon the occurrence of specified or contingent events directly or indirectly related to the business of the Company or the market for the Common Stock or (ii) enters into any agreement, including, but not limited to, an equity line of credit, whereby the Company may sell securities at a future determined price. Any Purchaser shall be entitled to obtain injunctive relief against the Company to preclude any such issuance, which remedy shall be in addition to any right to collect damages.

(b) Until twelve (12) months after the Closing Date, the Company shall not increase the number of shares available for issue under the Stock Option Plan, amend the Stock Option Plan, reprice any outstanding stock options (except for appropriate adjustments for any stock dividend, stock split, stock combination, reclassification or similar transaction after the Closing Date), nor issue any options or shares under the Stock Option Plan in an aggregate amount in excess of an amount of shares equal to fifteen percent (15%) of the amount of Common Stock outstanding immediately following the Closing nor grant any options with an exercise price lower than the fair market value of the Common Stock on the date of grant, except with respect to options that the Company or any of its Subsidiaries are contractually obligated to issue on the date hereof at a lower price, which are described on Schedule 4.10 .

4.11 Equal Treatment of Purchasers . No consideration (including any modification of any Transaction Document) shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of any of the Transaction Documents unless the same consideration is also offered to all of the parties to the Transaction Documents. For clarification purposes, this provision constitutes a separate right granted to each Purchaser by the Company and negotiated separately by each Purchaser, and is intended for the Company to treat the Purchasers as a class and shall not in any way be construed as the Purchasers acting in concert or as a group with respect to the purchase, disposition or voting of Securities or otherwise.

4.12 Form D; Blue Sky Filings . The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Purchasers at the Closing under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of any Purchaser.

4.13 Acknowledgment of Dilution . The Company acknowledges that the issuance of the Securities may result in dilution of the outstanding shares of Common Stock, which dilution may be substantial under certain market conditions. The Company further acknowledges that its obligations under the Transaction Documents, including, without limitation, its obligation to issue the Shares and Warrant Shares pursuant to the Transaction Documents, are unconditional and absolute and not subject to any right of set off, counterclaim, delay or reduction, regardless of the effect of any such dilution or any claim the Company may have against any Purchaser and regardless of the dilutive effect that such issuance may have on the ownership of the other stockholders of the Company.

4.14 Purchase Price Reset . Until 36 months following the Closing Date (the "Protection Period"), in the event that the Company issues or sells any shares of Common Stock or any Common Stock Equivalent pursuant to which shares of Common Stock may be acquired at a price less than the Per Share Purchase Price (adjusted as described in Section 5.22), then the Company shall promptly issue additional shares of Common Stock to each Purchaser, for no additional consideration, in an amount sufficient that the Per Share Purchase Price paid hereunder, when divided by the total number of Shares issued to each such Purchaser will result in an effective Per Share Purchase Price paid by each such Purchaser hereunder equal to the Per Share Purchase Price multiplied by a fraction, (A) the numerator of which shall be (1) the number of shares of Common Stock outstanding immediately prior to such issue plus (2) the number of shares of Common Stock which the aggregate consideration received or to be received by the Company for the total number of additional shares of Common Stock so issued would purchase at the Per Share Purchase Price; and (B) the denominator of which shall be (x) the number of shares of Common Stock outstanding immediately prior to such issue plus (y) the number of such additional shares of Common Stock so issued (such adjustment, a "Dilution Adjustment"). Such Dilution Adjustment shall be made successively whenever such an issuance is made. Notwithstanding the foregoing, this Section 4.14 shall not apply in respect of an Exempt Issuance. Moreover, in the event that the Company consummates a financing during the Protection Period pursuant to which the Company sells shares of Common Stock in one transaction or series of related transactions at a price per share greater than the Per Share Purchase Price (adjusted as described in Section 5.22) to one or more Persons (other than an Affiliate of the Company or any Subsidiary) that results in aggregate gross proceeds to the Company of at least $5,000,000 and does not provide the investors in such financing with any price protection similar to that provided in this Section 4.14, this Section 4.14 shall become void and of no further effect and the Purchasers shall not be entitled to any future Dilution Adjustments hereunder.

4.15 Dilution Protection . The Company agrees that in the event the Company issues any shares of Common Stock with regard to certain matters previously disclosed to the Purchasers (each, a "Contingency Issuance"), the Company shall immediately thereafter issue to each Purchaser such number of new shares of Common Stock (the "Contingency Shares"), for no additional consideration, as would cause the sum of (a) shares of Common Stock acquired hereunder by such Purchaser (the "Acquired Shares") and (b) the Contingency Shares to represent the same percentage of the Company's outstanding Common Stock as the Acquired Shares represented immediately prior to such Contingency Issuance (assuming such Purchaser has not disposed of any Acquired Shares since the Closing). For instance, if a Purchaser originally acquired 100,000 shares of Common Stock hereunder, and the Company later did a Contingency Issuance of 50,000 shares of Common Stock at a time when (i) such Purchaser held only 75,000 shares of the 100,000 shares of Common Stock originally purchased hereunder and (ii) the Company had 1,000,000 shares of Common Stock issued and outstanding immediately prior to the Contingency Issuance, the Company would issue such Purchaser an additional 4,055 shares of Common Stock pursuant to this Section 4.15.

4.16 Registration Limitation . Until the 12 month anniversary of the filing of the Super 8-K, the Company will not file a registration statement with the Commission nor any state securities administrator to cause the registration of any Common Stock held by any officer, director, or Affiliate of the Company, nor any holder of five percent (5%) or more of the Common Stock as of the Closing Date, nor in relation to any Common Stock owned by the foregoing or which they have a right to receive pursuant to the Exchange Agreement or otherwise, except in connection with a primary underwritten offering of the Company's Common Stock, approved by the underwriters of such primary offering.

4.17 FDA and Harvard . The Company agrees to use all commercially reasonable efforts to complete the Harvard Trials and the FDA Approvals.

ARTICLE V.
MISCELLANEOUS

5.1 Termination . This Agreement may be terminated by any Purchaser, as to such Purchaser's obligations hereunder only and without any effect whatsoever on the obligations between the Company and the other Purchasers, by written notice given at any time to the Company, if the Closing has not been consummated on or before April 1, 2011; provided, however, that such termination will not affect the right of any party to sue for any breach by any other party (or parties). In the event of any termination by a Purchaser under this Section 5.1, the Company shall promptly (and in any event within two (2) Business Days of such termination) send a Subscription Termination Notice (as defined in the Escrow Agreement) to the Escrow Agent with respect to all of such Purchaser's subscription amount.

5.2 Fees and Expenses . Except as expressly set forth in the Transaction Documents and on Schedule 3.1(s) to the contrary, each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all Transfer Agent fees, stamp taxes and other taxes and duties levied in connection with the delivery of any Securities to the Purchasers. Upon the execution of this Agreement, the Company agrees to pay all reasonable fees and disbursements of Bingham McCutchen LLP, counsel to Osiris Investment Partners, LLC, up to a maximum of $30,000, incurred in connection with the negotiation, preparation, execution and delivery of the Transaction Documents; provided, however, that if Osiris Investment Partners, LLC fails to invest in the Offering other than as a result of the Company's failure to satisfy the conditions to Closing set forth in Section 2.3(b) hereof and a Closing hereunder does not otherwise occur with any Purchaser, the Company shall not be obligated to pay any fees and disbursements of Bingham McCutchen LLP, counsel to Osiris Investment Partners, LLC. Bingham McCutchen LLP does not represent any of the other Purchasers and represents only Osiris Investment Partners, LLC.

5.3 Entire Agreement . The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.4 Notices . Any and all notices or other communications or deliveries required or permitted to be provided hereunder shall be in writing and shall be deemed given and effective on the earliest of: (a) the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto at or prior to 5:30 p.m. (New York City time) on a Trading Day, (b) the next Trading Day after the date of transmission, if such notice or communication is delivered via facsimile at the facsimile number set forth on the signature pages attached hereto on a day that is not a Trading Day or later than 5:30 p.m. (New York City time) on any Trading Day, (c) the second (2 nd) Trading Day following the date of mailing, if sent by U.S. nationally recognized overnight courier service or (d) upon actual receipt by the party to whom such notice is required to be given. The address for such notices and communications shall be as set forth on the signature pages attached hereto.

5.5 Amendments; Waivers . No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and the Purchasers holding at least [fifty-one percent (51%)]. in interest of the Shares then outstanding or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought; provided that none of the conditions in Section 2.3(b) may be waived, modified, supplemented or amended as against any one Purchaser without the prior written consent of such Purchaser; and provided, further than all waivers, modifications, supplements or amendments effected by less than all Purchasers impact all Purchasers in the same fashion. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

5.6 Headings . The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.7 Successors and Assigns . This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. The Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of each Purchaser (other than by merger). Any Purchaser may assign any or all of its rights under this Agreement to any Person to whom such Purchaser assigns or transfers any Securities, provided that such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchasers."

5.8 No Third-Party Beneficiaries . This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.6.

5.9 Governing Law . All questions concerning the construction, validity, enforcement and interpretation of the Transaction Documents shall be governed by and construed and enforced in accordance with the internal laws of the State of New York, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement and any other Transaction Documents (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, partners, members, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of New York. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of New York, Borough of Manhattan for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. If either party shall commence an action or proceeding to enforce any provisions of the Transaction Documents, then in addition to the obligations of the Company under Section 4.6, the prevailing party in such action, suit or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

5.10 Survival . The representations and warranties contained herein shall survive the Closing and the delivery of the Securities for the applicable statute of limitations.

5.11 Execution . This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to each other party, it being understood that the parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

5.12 Severability . If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.13 Rescission and Withdrawal Right . Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever any Purchaser exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights; provided, however, that in the case of a rescission of an exercise of a Warrant, the applicable Purchaser shall be required to return any shares of Common Stock subject to any such rescinded exercise notice concurrently with the return to such Purchaser of the aggregate exercise price paid to the Company for such shares and the restoration of such Purchaser's right to acquire such shares pursuant to such Purchaser's Warrant (including, issuance of a replacement warrant certificate evidencing such restored right).

5.14 Replacement of Securities . If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity and bonds) associated with the issuance of such replacement Securities.

5.15 Remedies . In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchasers and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agree to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.16 Payment Set Aside . To the extent that the Company makes a payment or payments to any Purchaser pursuant to any Transaction Document or a Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other Person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.17 Independent Nature of Purchasers' Obligations and Rights . The obligations of each Purchaser under any Transaction Document are several and not joint with the obligations of any other Purchaser, and no Purchaser shall be responsible in any way for the performance or non-performance of the obligations of any other Purchaser under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Purchaser pursuant hereof or thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Purchaser shall be entitled to independently protect and enforce its rights, including, without limitation, the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose. Each Purchaser has been represented by its own separate legal counsel in its review and negotiation of the Transaction Documents. For reasons of administrative convenience only, each Purchaser and its respective counsel have chosen to communicate with the Company through GM. GM does not represent any of the Purchasers and only represents Palladium Capital Advisors LLC. The Company has elected to provide all Purchasers with the same terms and Transaction Documents for the convenience of the Company and not because it was required or requested to do so by any of the Purchasers.

5.18 Liquidated Damages . The Company's obligations to pay any partial liquidated damages or other amounts owing under the Transaction Documents is a continuing obligation of the Company and shall not terminate until all unpaid partial liquidated damages and other amounts have been paid notwithstanding the fact that the instrument or security pursuant to which such partial liquidated damages or other amounts are due and payable shall have been canceled.

5.19 Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

5.20 Construction . The parties agree that each of them and/or their respective counsel have reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments thereto. In addition, each and every reference to share prices and shares of Common Stock in any Transaction Document shall be subject to adjustment for reverse and forward stock splits, stock dividends, stock combinations and other similar transactions of the Common Stock that occur after the date of this Agreement.

5.21 **WAIVER OF JURY TRIAL. IN ANY ACTION, SUIT, OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.**

5.22 Equitable Adjustment . Warrant exercise price, amount of Additional Listing Shares and Warrant Shares, trading volume amounts, price/volume amounts and similar figures in the Transaction Documents shall be equitably adjusted to offset the effect of stock splits, similar events and as otherwise described in this Agreement and Warrants. The purchase price of Shares, the exercise price of the Warrants and references to amounts of Common Stock in the Transaction Documents and Super 8-K give effect to a 2.75 for 1 forward split of the Common Stock effectuated immediately prior to the closing under the Exchange Agreement.

(Signature Pages Follow)

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

INSPIREMD, INC.

By: _____
Name:
Title:

With a copy to (which shall not constitute notice):

Haynes and Boone, LLP
30 Rockefeller Plaza
New York, New York 10112
Attn: Rick A. Werner, Esq.
Tel: (212) 659-7300
Fax: (212) 884-8234

Address for Notice:

InspireMD, Inc.
3 Menorat Hamor Street
Tel Aviv, Israel
Attn: Chief Executive Officer
Fax: +972-3-6917691

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE FOR PURCHASER FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Name of Purchaser: _____

Signature of Authorized Signatory of Purchaser: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Email Address of Purchaser: _____

Facsimile Number of Purchaser: _____

Address for Notice of Purchaser: _____

_____

Address for Delivery of Common Stock and Warrants for Purchaser (if not same as address for notice):

_____

_____

Cash Purchase Price: US$ _____

Surrendered Note Purchase Price: US$ _____

EIN Number, if applicable, will be provided under separate cover: _____

THIS SECURITY HAS NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. THIS SECURITY MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT WITH A REGISTERED BROKER-DEALER OR OTHER LOAN WITH A FINANCIAL INSTITUTION THAT IS AN "ACCREDITED INVESTOR" AS DEFINED IN RULE 501(a) UNDER THE SECURITIES ACT OR OTHER LOAN SECURED BY SUCH SECURITIES.

INSPIREMD, INC.
COMMON STOCK PURCHASE WARRANT

[_____]

Warrant Shares: [_____] Issue Date: [_____], 2011

THIS COMMON STOCK PURCHASE WARRANT (the " Warrant ") certifies that, for value received, [_____] or its assigns (the " Holder ") is entitled, upon the terms and subject to the limitations on exercise and the conditions hereinafter set forth, at any time on or after [the date hereof (the " Initial Exercise Date ") and on or prior to the close of business on the fifth anniversary of the Initial Exercise Date (the " Termination Date "), except as set forth in Section 2(f) below, but not thereafter, to subscribe for and purchase from InspireMD, Inc., a Delaware corporation (the " Company "), up to [_____] shares (as subject to adjustment hereunder, the " Warrant Shares ") of Common Stock. The purchase price of one share of Common Stock under this Warrant shall be equal to the Exercise Price, as defined in Section 2(b).

Section 1 . Definitions . Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Securities Purchase Agreement (the " Purchase Agreement "), dated March 31, 2011, among the Company and the purchasers signatory thereto.

Section 2 . Exercise .

a) Exercise of Warrant . Exercise of the purchase rights represented by this Warrant may be made, in whole or in part, at any time or times on or after the Initial Exercise Date and on or before the Termination Date by delivery to the Company (or such other office or agency of the Company as it may designate by notice in writing to the registered Holder at the address of the Holder appearing on the books of the Company) of a duly executed facsimile copy of the Notice of Exercise form annexed hereto. Within three (3) Trading Days following the date of exercise as aforesaid, the Holder shall deliver the aggregate Exercise Price for the shares specified in the applicable Notice of Exercise by wire transfer or cashier's check drawn on a United States bank unless the cashless exercise procedure specified in Section 2(c) below is specified in the applicable Notice of Exercise and the Warrant may be exercised by means of a cashless exercise at such time. Notwithstanding anything herein to the contrary, the Holder shall not be required to physically surrender this Warrant to the Company until the Holder has purchased all of the Warrant Shares available hereunder and the Warrant has been exercised in full, in which case, the Holder shall surrender this Warrant to the Company for cancellation within three (3) Trading Days of the date the final Notice of Exercise is delivered to the Company. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased in a cash exercise and by the number of Warrant Shares both purchased and surrendered in a cashless exercise, as provided in the formula set forth below in Section 2(c). The Holder and the Company shall maintain records showing the number of Warrant Shares exercised and the date of such exercises. The Company shall deliver any objection to any Notice of Exercise Form within three (3) Business Day of receipt of such notice. **The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.**

b) Exercise Price . The exercise price per share of the Common Stock under this Warrant shall be **$1.80** , subject to adjustment hereunder (the " Exercise Price ").

c) Cashless Exercise . If at any time after the one year anniversary of the Issue Date, there is no effective registration statement registering, or no current prospectus available for, the resale of the Warrant Shares by the Holder, then this Warrant may also be exercised, in whole or in part, at such time by means of a "cashless exercise" in which the Holder shall be entitled to receive a certificate for the number of Warrant Shares equal to the quotient obtained by dividing [(A-B)*(X)] by (A), where:

(A) = the VWAP on the Trading Day immediately preceding the date on which the Holder elects to exercise this Warrant by means of a "cashless exercise," as set forth in the applicable Notice of Exercise;

(B) = the Exercise Price of this Warrant, as adjusted hereunder; and

(X) = the number of Warrant Shares that would be issuable upon exercise of this Warrant in accordance with the terms of this Warrant if such exercise were by means of a cash exercise rather than a cashless exercise.

d) Mechanics of Exercise .

i. Delivery of Certificates Upon Exercise . Certificates for shares purchased hereunder shall be transmitted by the Transfer Agent to the Holder by crediting the account of the Holder's prime broker with The Depository Trust Company through its Deposit or Withdrawal at Custodian system (" DWAC ") if the Transfer Agent is then a participant in such system and either (A) there is an effective registration statement permitting the resale of the Warrant Shares by the Holder (and the Holder provides the Company or the Company's counsel with any reasonable requested certifications with respect to future sales of such Warrant Shares) or (B) the shares are eligible for resale by the Holder without may be sold without the requirement for the Company to be in compliance with the current public information requirements pursuant to Rule 144 , and otherwise without volume or manner-of-sale restriction or limitation pursuant to Rule 144 and otherwise by physical delivery to the address specified by the Holder in the Notice of Exercise by the date that is five (5) Trading Days after the latest of (A) the delivery to the Company of the Notice of Exercise, (B) surrender of this Warrant (if required), and (C) payment of the aggregate Exercise Price as set forth above (including by cashless exercise, if permitted) (such date, the " Warrant Share Delivery Date "). The Warrant Shares shall be deemed to have been issued, and the Holder or any other person so designated to be named therein shall be deemed to have become a holder of record of such shares for all purposes, as of the date the Warrant has been exercised, with payment to the Company of the Exercise Price (or by cashless exercise, if permitted) and all taxes required to be paid by the Holder, if any, pursuant to Section 2(d)(vi) prior to the issuance of such shares, having been paid. If the Company fails for any reason to deliver to the Holder certificates evidencing the Warrant Shares subject to a Notice of Exercise by the Warrant Share Delivery Date, the Company shall pay to the Holder, in cash, as liquidated damages and not as a penalty, for each $1,000 of Warrant Shares subject to such exercise (based on the VWAP of the Common Stock on the date of the applicable Notice of Exercise), $10 per Trading Day (increasing to $20 per Trading Day on the third Trading Day after such liquidated damages begin to accrue) for each Trading Day after such Warrant Share Delivery Date until such certificates are delivered or Holder rescinds such exercise.

ii. Delivery of New Warrants Upon Exercise . If this Warrant shall have been exercised in part, the Company shall, at the request of a Holder and upon surrender of this Warrant certificate, at the time of delivery of the certificate or certificates representing Warrant Shares, deliver to the Holder a new Warrant evidencing the rights of the Holder to purchase the unpurchased Warrant Shares called for by this Warrant, which new Warrant shall in all other respects be identical with this Warrant.

iii. Rescission Rights . If the Company fails to cause the Transfer Agent to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to Section 2(d)(i) by the Warrant Share Delivery Date, then the Holder will have the right to rescind such exercise.

iv. Compensation for Buy-In on Failure to Timely Deliver Certificates Upon Exercise . In addition to any other rights available to the Holder, if the Company fails to cause the Transfer Agent to transmit to the Holder a certificate or the certificates representing the Warrant Shares pursuant to an exercise on or before the Warrant Share Delivery Date, and if after such date the Holder is required by its broker to purchase (in an open market transaction or otherwise) or the Holder's brokerage firm otherwise purchases, shares of Common Stock to deliver in satisfaction of a sale by the Holder of the Warrant Shares which the Holder anticipated receiving upon such exercise (a " Buy-In "), then the Company shall (A) pay in cash to the Holder the amount, if any, by which (x) the Holder's total purchase price (including brokerage commissions, if any) for the shares of Common Stock so purchased exceeds (y) the amount obtained by multiplying (1) the number of Warrant Shares that the Company was required to deliver to the Holder in connection with the exercise at issue times (2) the price at which the sell order giving rise to such purchase obligation was executed, and (B) at the option of the Holder, either reinstate the portion of the Warrant and equivalent number of Warrant Shares for which such exercise was not honored (in which case such exercise shall be deemed rescinded) or deliver to the Holder the number of shares of Common Stock that would have been issued had the Company timely complied with its exercise and delivery obligations hereunder. For example, if the Holder purchases Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to an attempted exercise of shares of Common Stock with an aggregate sale price giving rise to such purchase obligation of $10,000, under clause (A) of the immediately preceding sentence the Company shall be required to pay the Holder $1,000. The Holder shall provide the Company written notice indicating the amounts payable to the Holder in respect of the Buy-In and, upon request of the Company, evidence of the amount of such loss. Nothing herein shall limit a Holder's right to pursue any other remedies available to it hereunder, at law or in equity including, without limitation, a decree of specific performance and/or injunctive relief with respect to the Company's failure to timely deliver certificates representing shares of Common Stock upon exercise of the Warrant as required pursuant to the terms hereof.

v. No Fractional Shares or Scrip . No fractional shares or scrip representing fractional shares shall be issued upon the exercise of this Warrant. As to any fraction of a share which the Holder would otherwise be entitled to purchase upon such exercise, the Company shall, at its election, either pay a cash adjustment in respect of such final fraction in an amount equal to such fraction multiplied by the Exercise Price or round up to the next whole share.

vi. Charges, Taxes and Expenses . Issuance of certificates for Warrant Shares shall be made without charge to the Holder for any issue or transfer tax or other incidental expense in respect of the issuance of such certificate, all of which taxes and expenses shall be paid by the Company, and such certificates shall be issued in the name of the Holder or in such name or names as may be directed by the Holder; provided , however , that in the event certificates for Warrant Shares are to be issued in a name other than the name of the Holder, this Warrant when surrendered for exercise shall be accompanied by the Assignment Form attached hereto duly executed by the Holder and the Company may require, as a condition thereto, the payment of a sum sufficient to reimburse it for any transfer tax incidental thereto.

vii. Closing of Books . The Company will not close its stockholder books or records in any manner which prevents the timely exercise of this Warrant, pursuant to the terms hereof.

e) Holder's Exercise Limitations . The Company shall not effect any exercise of this Warrant, and a Holder shall not have the right to exercise any portion of this Warrant, pursuant to Section 2 or otherwise, to the extent that after giving effect to such issuance after exercise as set forth on the applicable Notice of Exercise, the Holder (together with the Holder's Affiliates, and any other Persons acting as a group together with the Holder or any of the Holder's Affiliates), would beneficially own in excess of the Beneficial Ownership Limitation (as defined below). For purposes of the foregoing sentence, the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall include the number of shares of Common Stock issuable upon exercise of this Warrant with respect to which such determination is being made, but shall exclude the number of shares of Common Stock which would be issuable upon (i) exercise of the remaining, nonexercised portion of this Warrant beneficially owned by the Holder or any of its Affiliates and (ii) exercise or conversion of the unexercised or nonconverted portion of any other securities of the Company (including, without limitation, any other Common Stock Equivalents) subject to a limitation on conversion or exercise analogous to the limitation contained herein beneficially owned by the Holder or any of its Affiliates. Except as set forth in the preceding sentence, for purposes of this Section 2(e), beneficial ownership shall be calculated in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder, it being acknowledged by the Holder that the Company is not representing to the Holder that such calculation is in compliance with Section 13(d) of the Exchange Act and the Holder is solely responsible for any schedules required to be filed in accordance therewith. To the extent that the limitation contained in this Section 2(e) applies, the determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable shall be in the sole discretion of the Holder, and the submission of a Notice of Exercise shall be deemed to be the Holder's determination of whether this Warrant is exercisable (in relation to other securities owned by the Holder together with any Affiliates) and of which portion of this Warrant is exercisable, in each case subject to the Beneficial Ownership Limitation, and the Company shall have no obligation to verify or confirm the accuracy of such determination. In addition, a determination as to any group status as contemplated above shall be determined in accordance with Section 13(d) of the Exchange Act and the rules and regulations promulgated thereunder. For purposes of this Section 2(e), in determining the number of outstanding shares of Common Stock, a Holder may rely on the number of outstanding shares of Common Stock as reflected in (A) the Company's most recent periodic or annual report filed with the Commission, as the case may be, (B) a more recent public announcement by the Company or (C) a more recent written notice by the Company or the Transfer Agent setting forth the number of shares of Common Stock outstanding. Upon the written or oral request of a Holder, the Company shall within three (3) Trading Days confirm orally and in writing to the Holder the number of shares of Common Stock then outstanding. In any case, the number of outstanding shares of Common Stock shall be determined after giving effect to the conversion or exercise of securities of the Company, including this Warrant, by the Holder or its Affiliates since the date as of which such number of outstanding shares of Common Stock was reported. The " Beneficial Ownership Limitation " shall be 4.99% of the number of shares of the Common Stock outstanding immediately after giving effect to the issuance of shares of Common Stock issuable upon exercise of this Warrant. The Holder, upon not less than 61 days' prior notice to the Company, may increase or decrease the Beneficial Ownership Limitation provisions of this Section 2(e), in whole or in part, and if in part, the provisions of this Section 2(e) shall continue to apply. Any such increase or decrease will not be effective until the 61 st day after such notice is delivered to the Company. The provisions of this paragraph shall be construed and implemented in a manner otherwise than in strict conformity with the terms of this Section 2(e) to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Beneficial Ownership Limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such limitation. The limitations contained in this paragraph shall apply to a successor holder of this Warrant.

f) Termination Date Acceleration . Subject to the provisions of Section 2(e) and this Section 2(f), if, while a registration statement filed with the Commission is effective registering for unrestricted public resale of Warrant Shares without volume or manner of sale restrictions (" Effectiveness Period "), (i) the VWAP for each of 20 consecutive Trading Days (the " Measurement Period ," which 20 consecutive Trading Day period shall occur during the Effectiveness Period) exceeds 250% of the then-effective Exercise Price, (ii) the average daily trading volume for such Measurement Period exceeds 175,000 shares of Common Stock per Trading Day (subject to adjustment for forward and reverse stock splits, recapitalizations, stock dividends and the like after the Initial Exercise Date) and (iii) the Holder is not in possession of any information that constitutes, or might constitute, material non-public information which was provided by the Company, then the Company may, within the 3 Trading Days following the end of such Measurement Period, accelerate the Termination Date of all or any portion of this Warrant for which a Notice of Exercise has not yet been delivered (such right, the " Acceleration Right "). To exercise this right, the Company must deliver to the Holder an irrevocable written notice (an " Acceleration Notice "), indicating therein the portion of unexercised portion of this Warrant to which such notice applies. If the conditions set forth below for such Acceleration Right are satisfied from the period from the date of the Acceleration Notice through and including the Acceleration Date (as defined below), then any portion of this Warrant subject to such Acceleration Notice for which a Notice of Exercise shall not have been received by the Acceleration Date will be cancelled at 6:30 p.m. (New York City time) on the seventh Trading Day after the date the Acceleration Notice is received by the Holder (such date and time, the " Acceleration Date "). Any unexercised portion of this Warrant to which the Acceleration Notice does not pertain will be unaffected by such Acceleration Notice. In furtherance thereof, the Company covenants and agrees that it will honor all Notices of Exercise with respect to Warrant Shares subject to an Acceleration Notice that are tendered through 6:30 p.m. (New York City time) on the Acceleration Date. The parties agree that any Notice of Exercise delivered following an Accelerated Notice which calls less than all the Warrants shall first reduce to zero the number of Warrant Shares subject to such Acceleration Notice prior to reducing the remaining Warrant Shares available for purchase under this Warrant. For example, if (A) this Warrant then permits the Holder to acquire 100 Warrant Shares, (B) an Acceleration Notice pertains to 75 Warrant Shares, and (C) prior to 6:30 p.m. (New York City time) on the Acceleration Date the Holder tenders a Notice of Exercise in respect of 50 Warrant Shares, then (x) on the Acceleration Date the right under this Warrant to acquire 25 Warrant Shares will expire, (y) the Company, in the time and manner required under this Warrant, will have issued and delivered to the Holder 50 Warrant Shares in respect of the exercises following receipt of the Acceleration Notice, and (z) the Holder may, until the Termination Date, exercise this Warrant for 25 Warrant Shares (subject to adjustment as herein provided and subject to subsequent Acceleration Notices). Subject again to the provisions of this Section 2(f), the Company may deliver subsequent Acceleration Notices for any portion of this Warrant for which the Holder shall not have delivered a Notice of Exercise. Notwithstanding anything to the contrary set forth in this Warrant, the Company may not deliver an Acceleration Notice or cause an early termination of the right to acquire any Warrant Shares (and any such Acceleration Notice shall be void), unless, from the beginning of the Measurement Period through the Acceleration Date, (1) the Company shall have honored in accordance with the terms of this Warrant all Notices of Exercise delivered by 6:30 p.m. (New York City time) on the Acceleration Date, and (2) the registration statement shall be effective as to all Warrant Shares, and (3) the Common Stock shall be listed or quoted for trading on a Trading Market other than the OTC Bulletin Board, and (4) there is a sufficient number of authorized shares of Common Stock for issuance of all Securities under the Transaction Documents, and (5) the issuance of the shares shall not cause a breach of any provision of Section 2(e) herein. The Company's Acceleration Right under this Section 2(f) shall be exercised ratably among the Holders based on each Holder's initial purchase of Warrants. Notwithstanding anything to the contrary contained herein, for purposes of calculating the Beneficial Ownership Limitation under Section 2(e) in order to determining whether or not the Company may exercise its Acceleration Right hereunder with respect to any Warrant Shares pursuant this Section 2(f), the number of shares of Common Stock beneficially owned by the Holder and its Affiliates shall be deemed to exclude any shares of Common Stock acquired by the Holder or any Affiliate of the Holder following the original Issue Date in the open market or through privately negotiated transactions.

g) Automatic Exercise . To the extent this Warrant has not been previously fully exercised, it shall be deemed to have been automatically exercised in accordance with Section 2(c) hereof (even if not surrendered) as of immediately before its expiration on the fifth anniversary of the Initial Exercise Date, subject to the limitations set forth in Section 2(e) hereof, if the then-VWAP of a Warrant Share exceeds the then-Exercise Price, unless the Holder notifies Company in writing to the contrary prior to such automatic exercise.

Section 3 . Certain Adjustments .

a) Stock Dividends and Splits . If the Company, at any time while this Warrant is outstanding: (i) pays a stock dividend or otherwise makes a distribution or distributions on shares of its Common Stock or any other equity or equity equivalent securities payable in shares of Common Stock (which, for avoidance of doubt, shall not include any shares of Common Stock issued by the Company upon exercise of this Warrant), (ii) subdivides outstanding shares of Common Stock into a larger number of shares, (iii) combines (including by way of reverse stock split) outstanding shares of Common Stock into a smaller number of shares or (iv) issues by reclassification of shares of the Common Stock any shares of capital stock of the Company, then in each case the Exercise Price shall be multiplied by a fraction of which the numerator shall be the number of shares of Common Stock (excluding treasury shares, if any) outstanding immediately before such event and of which the denominator shall be the number of shares of Common Stock outstanding immediately after such event, and the number of shares issuable upon exercise of this Warrant shall be proportionately adjusted such that the aggregate Exercise Price of this Warrant shall remain unchanged. Any adjustment made pursuant to this Section 3(a) shall become effective immediately after the record date for the determination of stockholders entitled to receive such dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision, combination or re-classification.

b) Fundamental Transaction . If, at any time while this Warrant is outstanding, (i) the Company, directly or indirectly, in one or more related transactions effects any merger or consolidation of the Company with or into another Person, (ii) the Company, directly or indirectly, effects any sale, lease, license, assignment, transfer, conveyance or other disposition of all or substantially all of its assets in one or a series of related transactions, (iii) any, direct or indirect, purchase offer, tender offer or exchange offer (whether by the Company or another Person) is completed pursuant to which holders of Common Stock are permitted to sell, tender or exchange their shares for other securities, cash or property and has been accepted by the holders of 50% or more of the outstanding Common Stock, (iv) the Company, directly or indirectly, in one or more related transactions effects any reclassification, reorganization or recapitalization of the Common Stock or any compulsory share exchange pursuant to which the Common Stock is effectively converted into or exchanged for other securities, cash or property, or (v) the Company, directly or indirectly, in one or more related transactions consummates a stock or share purchase agreement or other business combination (including, without limitation, a reorganization, recapitalization, spin-off or scheme of arrangement) with another Person or group of Persons whereby such other Person or group acquires more than 50% of the outstanding shares of Common Stock (not including any shares of Common Stock held by the other Person or other Persons making or party to, or associated or affiliated with the other Persons making or party to, such stock or share purchase agreement or other business combination) (each a " Fundamental Transaction "), then, upon any subsequent exercise of this Warrant, the Holder shall have the right to receive, for each Warrant Share that would have been issuable upon such exercise immediately prior to the occurrence of such Fundamental Transaction, at the option of the Holder (without regard to any limitation in Section 2(e) on the exercise of this Warrant), the number of shares of Common Stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the " Alternate Consideration ") receivable as a result of such Fundamental Transaction by a holder of the number of shares of Common Stock for which this Warrant is exercisable immediately prior to such Fundamental Transaction (without regard to any limitation in Section 2(e) on the exercise of this Warrant). For purposes of any such exercise, the determination of the Exercise Price shall be appropriately adjusted to apply to such Alternate Consideration based on the amount of Alternate Consideration issuable in respect of one share of Common Stock in such Fundamental Transaction, and the Company shall apportion the Exercise Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Stock are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. Notwithstanding anything to the contrary, in the event of a Fundamental Transaction (other than an all cash transaction) involving a person or entity not traded on a national securities exchange, the Company or any Successor Entity (as defined below) shall, at the Holder's option, exercisable at any time concurrently with, or within 30 days after, the consummation of the Fundamental Transaction, purchase this Warrant from the Holder by paying to the Holder an amount of cash equal to the Black Scholes Value of the remaining unexercised portion of this Warrant on the date of the consummation of such Fundamental Transaction. " Black Scholes Value " means the value of this Warrant based on the Black and Scholes Option Pricing Model obtained from the "OV" function on Bloomberg, L.P. (" Bloomberg ") determined as of the day of consummation of the applicable Fundamental Transaction for pricing purposes and reflecting (A) a risk-free interest rate corresponding to the U.S. Treasury rate for a period equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date, (B) an expected volatility equal to the greater of 100% and the 100 day volatility obtained from the HVT function on Bloomberg as of the Trading Day immediately following the public announcement of the applicable Fundamental Transaction, (C) the underlying price per share used in such calculation shall be the sum of the price per share being offered in cash, if any, plus the value of any non-cash consideration, if any, being offered in such Fundamental Transaction and (D) a remaining option time equal to the time between the date of the public announcement of the applicable Fundamental Transaction and the Termination Date. The Company shall cause any successor entity in a Fundamental Transaction in which the Company is not the survivor (the " Successor Entity ") to assume in writing all of the obligations of the Company under this Warrant and the other Transaction Documents in accordance with the provisions of this Section 3(e) pursuant to written agreements in form and substance reasonably satisfactory to the Holder and approved by the Holder (without unreasonable delay) prior to such Fundamental Transaction and shall, at the option of the Holder, deliver to the Holder in exchange for this Warrant a security of the Successor Entity evidenced by a written instrument substantially similar in form and substance to this Warrant which is exercisable for a corresponding number of shares of capital stock of such Successor Entity (or its parent entity) equivalent to the shares of Common Stock acquirable and receivable upon exercise of this Warrant (without regard to any limitations on the exercise of this Warrant) prior to such Fundamental Transaction, and with an exercise price which applies the exercise price hereunder to such shares of capital stock (but taking into account the relative value of the shares of Common Stock pursuant to such Fundamental Transaction and the value of such shares of capital stock, such number of shares of capital stock and such exercise price being for the purpose of protecting the economic value of this Warrant immediately prior to the consummation of such Fundamental Transaction), and which is reasonably satisfactory in form and substance to the Holder. Upon the occurrence of any such Fundamental Transaction, the Successor Entity shall succeed to, and be substituted for (so that from and after the date of such Fundamental Transaction, the provisions of this Warrant and the other Transaction Documents referring to the "Company" shall refer instead to the Successor Entity), and may exercise every right and power of the Company and shall assume all of the obligations of the Company under this Warrant and the other Transaction Documents with the same effect as if such Successor Entity had been named as the Company herein.

c) Calculations . All calculations under this Section 3 shall be made to the nearest cent or the nearest 1/100th of a share, as the case may be. For purposes of this Section 3, the number of shares of Common Stock deemed to be issued and outstanding as of a given date shall be the sum of the number of shares of Common Stock (excluding treasury shares, if any) issued and outstanding.

d) Notice to Holder .

i. Adjustment to Exercise Price . Whenever the Exercise Price is adjusted pursuant to any provision of this Section 3, the Company shall promptly mail to the Holder a notice setting forth the Exercise Price after such adjustment and any resulting adjustment to the number of Warrant Shares and setting forth a brief statement of the facts requiring such adjustment.

ii. Notice to Allow Exercise by Holder . If (A) the Company shall declare a dividend (or any other distribution in whatever form) on the Common Stock, (B) the Company shall declare a special nonrecurring cash dividend on or a redemption of the Common Stock, (C) the Company shall authorize the granting to all holders of the Common Stock rights or warrants to subscribe for or purchase any shares of capital stock of any class or of any rights, (D) the approval of any stockholders of the Company shall be required in connection with any reclassification of the Common Stock, any consolidation or merger to which the Company is a party, any sale or transfer of all or substantially all of the assets of the Company, or any compulsory share exchange whereby the Common Stock is converted into other securities, cash or property, (E) the Company shall authorize the voluntary or involuntary dissolution, liquidation or winding up of the affairs of the Company, or (F) the Company shall authorize any other Fundamental Transaction not covered by the foregoing clauses (A) - (E), then, in each case, the Company shall cause to be mailed to the Holder at its last address as it shall appear upon the Warrant Register of the Company, at least 20 calendar days prior to the applicable record or effective date hereinafter specified, a notice stating (x) the date on which a record is to be taken for the purpose of such dividend, distribution, redemption, rights or warrants, or if a record is not to be taken, the date as of which the holders of the Common Stock of record to be entitled to such dividend, distributions, redemption, rights or warrants are to be determined or (y) the date on which such reclassification, consolidation, merger, sale, transfer, share exchange or other Fundamental Transaction is expected to become effective or close, and the date as of which it is expected that holders of the Common Stock of record shall be entitled to exchange their shares of the Common Stock for securities, cash or other property deliverable upon such reclassification, consolidation, merger, sale, transfer, share exchange or other Fundamental Transaction; provided that the failure to mail such notice or any defect therein or in the mailing thereof shall not affect the validity of the corporate action required to be specified in such notice. To the extent that any notice provided hereunder constitutes, or contains, material, non-public information regarding the Company or any of the Subsidiaries, the Company shall simultaneously file such notice with the Commission pursuant to a Current Report on Form 8-K. The Holder shall remain entitled to exercise this Warrant during the period commencing on the date of such notice to the effective date of the event triggering such notice except as may otherwise be expressly set forth herein.

Section 4 . Transfer of Warrant .

a) Transferability . Subject to compliance with any applicable securities laws and the conditions set forth in Section 4(d) hereof and to the provisions of Section 4.1 of the Purchase Agreement, this Warrant and all rights hereunder are transferable, in whole or in part, upon surrender of the original copy of this Warrant at the principal office of the Company or its designated agent, together with a written assignment of this Warrant substantially in the form attached hereto duly executed by the Holder or its agent or attorney and funds sufficient to pay any transfer taxes payable upon the making of such transfer. Upon such surrender and, if required, such payment, the Company shall execute and deliver a new Warrant or Warrants in the name of the assignee or assignees, as applicable, and in the denomination or denominations specified in such instrument of assignment, and shall issue to the assignor a new Warrant evidencing the portion of this Warrant not so assigned, and this Warrant shall promptly be cancelled. The Warrant, if properly assigned in accordance herewith, may be exercised by a new holder for the purchase of Warrant Shares without having a new Warrant issued.

b) New Warrants . This Warrant may be divided or combined with other Warrants upon presentation hereof at the aforesaid office of the Company, together with a written notice specifying the names and denominations in which new Warrants are to be issued, signed by the Holder or its agent or attorney. Subject to compliance with Section 4(a), as to any transfer which may be involved in such division or combination, the Company shall execute and deliver a new Warrant or Warrants in exchange for the Warrant or Warrants to be divided or combined in accordance with such notice. All Warrants issued on transfers or exchanges shall be dated the original Issue Date and shall be identical with this Warrant except as to the number of Warrant Shares issuable pursuant thereto.

c) Warrant Register . The Company shall register this Warrant, upon records to be maintained by the Company for that purpose (the " Warrant Register "), in the name of the record Holder hereof from time to time. The Company may deem and treat the registered Holder of this Warrant as the absolute owner hereof for the purpose of any exercise hereof or any distribution to the Holder, and for all other purposes, absent actual notice to the contrary.

d) Transfer Restrictions . If, at the time of the surrender of this Warrant in connection with any transfer of this Warrant, the transfer of this Warrant shall not be either (i) registered pursuant to an effective registration statement under the Securities Act and under applicable state securities or blue sky laws or (ii) eligible for resale without volume or manner-of-sale restrictions or current public information requirements pursuant to Rule 144, the Company may require, as a condition of allowing such transfer, that the Holder or transferee of this Warrant, as the case may be, comply with the provisions of Section 4.1 of the Purchase Agreement.

e) Representation by the Holder . The Holder, by the acceptance hereof, represents and warrants that it is acquiring this Warrant and, upon any exercise hereof, will acquire the Warrant Shares issuable upon such exercise, for its own account and not with a view to or for distributing or reselling such Warrant Shares or any part thereof in violation of the Securities Act or any applicable state securities law, except pursuant to sales registered or exempted under the Securities Act.

Section 5 . Miscellaneous .

a) No Rights as Stockholder Until Exercise . This Warrant does not entitle the Holder to any voting rights, dividends or other rights as a stockholder of the Company prior to the exercise hereof as set forth in Section 2(d)(i).

b) Loss, Theft, Destruction or Mutilation of Warrant . The Company covenants that upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant or any stock certificate relating to the Warrant Shares, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it (which, in the case of the Warrant, shall not include the posting of any bond), and upon surrender and cancellation of such Warrant or stock certificate, if mutilated, the Company will make and deliver a new Warrant or stock certificate of like tenor and dated as of such cancellation, in lieu of such Warrant or stock certificate.

c) Saturdays, Sundays, Holidays, etc . If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then, such action may be taken or such right may be exercised on the next succeeding Business Day.

d) Authorized Shares .

The Company covenants that, during the period the Warrant is outstanding, it will reserve from its authorized and unissued Common Stock a sufficient number of shares to provide for the issuance of the Warrant Shares upon the exercise of any purchase rights under this Warrant. The Company further covenants that its issuance of this Warrant shall constitute full authority to its officers who are charged with the duty of executing stock certificates to execute and issue the necessary certificates for the Warrant Shares upon the exercise of the purchase rights under this Warrant. The Company will take all such reasonable action as may be necessary to assure that such Warrant Shares may be issued as provided herein without violation of any applicable law or regulation, or of any requirements of the Trading Market upon which the Common Stock may be listed. The Company covenants that all Warrant Shares which may be issued upon the exercise of the purchase rights represented by this Warrant will, upon exercise of the purchase rights represented by this Warrant and payment for such Warrant Shares in accordance herewith, be duly authorized, validly issued, fully paid and nonassessable and free from all taxes, liens and charges created by the Company in respect of the issue thereof (other than taxes in respect of any transfer occurring contemporaneously with such issue).

Except and to the extent as waived or consented to by the Holder, the Company shall not by any action, including, without limitation, amending its certificate of incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such actions as may be necessary or appropriate to protect the rights of Holder as set forth in this Warrant against impairment. Without limiting the generality of the foregoing, the Company will (i) not increase the par value of any Warrant Shares above the amount payable therefor upon such exercise immediately prior to such increase in par value, (ii) take all such action as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares upon the exercise of this Warrant and (iii) use commercially reasonable efforts to obtain all such authorizations, exemptions or consents from any public regulatory body having jurisdiction thereof, as may be, necessary to enable the Company to perform its obligations under this Warrant.

Before taking any action which would result in an adjustment in the number of Warrant Shares for which this Warrant is exercisable or in the Exercise Price, the Company shall obtain all such authorizations or exemptions thereof, or consents thereto, as may be necessary from any public regulatory body or bodies having jurisdiction thereof.

e) Jurisdiction . All questions concerning the construction, validity, enforcement and interpretation of this Warrant shall be determined in accordance with the provisions of the Purchase Agreement.

f) Restrictions . The Holder acknowledges that the Warrant Shares acquired upon the exercise of this Warrant, if not registered and the Holder does not utilize cashless exercise at a time when sales may be made under Rule 144 without restriction, will have restrictions upon resale imposed by state and federal securities laws.

g) Nonwaiver and Expenses . No course of dealing or any delay or failure to exercise any right hereunder on the part of Holder shall operate as a waiver of such right or otherwise prejudice the Holder's rights, powers or remedies, notwithstanding the fact that all rights hereunder terminate on the Termination Date, including, without limitation, the right to exercise this Warrant. If the Company willfully and knowingly fails to comply with any provision of this Warrant, which results in any material damages to the Holder, the Company shall pay to the Holder such amounts as shall be sufficient to cover any costs and expenses including, but not limited to, reasonable attorneys' fees, including those of appellate proceedings, incurred by the Holder in collecting any amounts due pursuant hereto or in otherwise enforcing any of its rights, powers or remedies hereunder.

h) Notices . Any notice, request or other document required or permitted to be given or delivered to the Holder by the Company shall be delivered in accordance with the notice provisions of the Purchase Agreement.

i) Limitation of Liability . No provision hereof, in the absence of any affirmative action by the Holder to exercise this Warrant to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the purchase price of any Common Stock or as a stockholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

j) Remedies . The Holder, in addition to being entitled to exercise all rights granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Warrant. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Warrant and hereby agrees to waive and not to assert the defense in any action for specific performance that a remedy at law would be adequate.

k) Successors and Assigns . Subject to applicable securities laws, this Warrant and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and the successors and permitted assigns of Holder. The provisions of this Warrant are intended to be for the benefit of any Holder from time to time of this Warrant and shall be enforceable by the Holder or holder of Warrant Shares.

l) Amendment . This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

m) Severability . Wherever possible, each provision of this Warrant shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Warrant shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provisions or the remaining provisions of this Warrant.

n) Headings . The headings used in this Warrant are for the convenience of reference only and shall not, for any purpose, be deemed a part of this Warrant.

****

(Signature Page Follows)

IN WITNESS WHEREOF, the Company has caused this Warrant to be executed by its officer thereunto duly authorized as of the date first above indicated.

INSPIREMD, INC.

By: _____

Name:
Title:

NOTICE OF EXERCISE
(to be signed only upon exercise of Warrant)

TO: InspireMD, Inc.

The undersigned, pursuant to the provisions set forth in Warrant (No.____), hereby irrevocably elects to purchase (check applicable box):

___ _____ shares of the Common Stock covered by such Warrant; or

___ _____ shares of Common Stock covered by such Warrant pursuant to the cashless exercise procedure set forth in Section 2(c) of the Warrant.

The undersigned herewith makes payment of the full purchase price for such shares at the price per share provided for in such Warrant, which is $_____. Such payment takes the form of (check applicable box or boxes):

___ $_____ in lawful money of the United States; and/or

___ the cancellation of such portion of the attached Warrant as is exercisable for a total of _____ shares of Common Stock (using a VWAP of $_____ per share for purposes of this calculation); and/or

___ the cancellation of such number of shares of Common Stock as is necessary, in accordance with the formula set forth in Section 2 of the Warrant, to exercise this Warrant with respect to the maximum number of shares of Common Stock purchasable pursuant to the cashless exercise procedure set forth in Section 2.

After application of the cashless exercise feature as described above, _____ shares of Common Stock are required to be delivered pursuant to the instructions below.

The undersigned requests that the certificates for such shares be issued in the name of, and delivered to _____ whose address is _____ _____ .

The undersigned is an “accredited investor” as defined in Regulation D under the Securities Act of 1933, as amended.

The undersigned represents and warrants that all offers and sales by the undersigned of the securities issuable upon exercise of the within Warrant shall be made pursuant to registration of the Common Stock under the Securities Act of 1933, as amended (the "Securities Act"), or pursuant to an exemption from registration under the Securities Act.

Dated:_____

_____
(Signature must conform to name of holder as specified on the face of the Warrant)

_____
_____
(Address)

ASSIGNMENT FORM

(To assign the foregoing warrant, execute
this form and supply required information.
Do not use this form to exercise the warrant.)

FOR VALUE RECEIVED, [____] all of or [_____] shares of the foregoing Warrant and all rights evidenced thereby are hereby assigned to

_____ whose address is

_____.

_____

Dated: _____, _____

Holder's Signature: _____

Holder's Address: _____

_____

Signature Guaranteed: _____

NOTE: The signature to this Assignment Form must correspond with the name as it appears on the face of the Warrant, without alteration or enlargement or any change whatsoever, and must be guaranteed by a bank or trust company. Officers of corporations and those acting in a fiduciary or other representative capacity should file proper evidence of authority to assign the foregoing Warrant.

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE EXERCISABLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, SUBJECT TO THE PROVISIONS OF THE BORROWER'S ARTICLES OF ASSOCIATION REGARDING RESTRICTIONS ON TRANSFER OF THE BORROWER'S SECURITIES, AS SHALL BE AMENDED FROM TIME TO TIME,THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES .

Right to Purchase _____ Common Shares of InspireMD, Inc. (subject to adjustment as provided herein)

FORM OF COMMON SHARE PURCHASE WARRANT

No. _____ Issue Date: March 31, 2011

InspireMD, Inc. , a corporation organized under the laws of the State of Delaware (the " **Company** "), hereby certifies that, for value received, _____, _____, or its assigns (the " **Holder** "), is entitled, subject to the terms set forth below, to purchase from the Company at any time after the Issue Date until 5:00 p.m., Tel Aviv time, on three years after the Issue Date (the " **Expiration Date** "), up to _____ fully paid and non-assessable Common Shares at a per share purchase price of One Dollar and Twenty-Three Cents (**US$1.23)** . The aforedescribed purchase price per share, as adjusted from time to time as herein provided, is referred to herein as the " **Purchase Price** ." The number and character of such Common Shares and the Purchase Price are subject to adjustment as provided herein. Capitalized terms used and not otherwise defined herein shall have the meanings set forth in that certain Share Exchange Agreement (the " **Share Exchange Agreement** "), dated as of December 29, 2010, entered into by the Company, the Holder and the other signatories thereto.

As used herein the following terms, unless the context otherwise requires, have the following respective meanings:

(A) The term " **Common Shares** " includes (i) shares of the Company's common stock, US$0.001 par value per share, as authorized on the issue date hereof, or (ii) any other securities into which or for which any of the securities described in (i) may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

(B) The term " **Other Securities** " refers to any stock (other than Common Shares) and other securities of the Company or any other person (corporate or otherwise) that the holder of the Warrant at any time shall be entitled to receive, or shall have received, on the exercise of the Warrant, in lieu of or in addition to Common Shares, or which at any time shall be issuable or shall have been issued in exchange for or in replacement of Common Shares or Other Securities pursuant to Section 4 or otherwise.

(C) The term " **Principal Market** " shall mean the NASDAQ Global Market, NASDAQ Global Select Market, the NASDAQ Capital Market, the New York Stock Exchange, the NYSE Amex Equities , the OTC Bulletin Board or in the over-the-counter market or Pink Sheets.

(D) The term " **Warrant Shares** " shall mean the Common Shares issuable upon exercise of this Warrant.

1. Exercise of Warrant .

1.1. Number of Shares Issuable upon Exercise . From and after the Issue Date through and including the Expiration Date, the Holder hereof shall be entitled to receive, upon exercise of this Warrant in whole in accordance with the terms of Section 1.2 and 1.6 or upon exercise of this Warrant in part in accordance with Section 1.3 , Common Shares of the Company, subject to adjustment pursuant to Section 4 below.

1.2. Full Exercise . This Warrant may be exercised in full, subject to Section 1.6 below, by the Holder hereof by delivery to the Company of an original or facsimile copy of the form of subscription attached as Exhibit A hereto (the " **Subscription Form** ") duly executed by such Holder and delivery within two days thereafter of payment, in cash, wire transfer or by certified or official bank check payable to the order of the Company, in the amount obtained by multiplying the number of whole Common Shares for which this Warrant is then exercisable by the Purchase Price then in effect. The original Warrant is not required to be surrendered to the Company until it has been fully exercised.

1.3. Partial Exercise . This Warrant may be exercised in part (but not for a fractional share) by delivery of a Subscription Form in the manner and at the place provided in Section 1.2 , except that the amount payable by the Holder on such partial exercise shall be the amount obtained by multiplying (a) the number of whole Common Shares designated by the Holder in the Subscription Form by (b) the Purchase Price then in effect. On any such partial exercise, provided the Holder has surrendered the original Warrant, the Company, at its expense, will forthwith issue and deliver to or upon the order of the Holder hereof a new Warrant of like tenor, in the name of the Holder hereof, the whole number of Common Shares for which such Warrant may still be exercised.

1.4. Company Acknowledgment . The Company will, at the time of the exercise of the Warrant, upon the request of the Holder hereof, acknowledge in writing its continuing obligation to afford to such Holder any rights to which such Holder shall continue to be entitled after such exercise in accordance with the provisions of this Warrant. If the Holder shall fail to make any such request, such failure shall not affect the continuing obligation of the Company to afford to such Holder any such rights.

1.5. Delivery of Stock Certificates, etc. on Exercise . The Company agrees that, provided the full purchase price listed in the Subscription Form is received as specified in Section 1.2 , the Common Shares purchased upon exercise of this Warrant shall be deemed to be issued to the Holder hereof as the record owner of such shares as of the close of business on the date on which delivery of a Subscription Form shall have occurred and payment made for such shares as aforesaid. As soon as practicable after the exercise of this Warrant in full or in part, and in any event within seven (7) calendar days thereafter (" **Warrant Share Delivery Date** "), the Company at its expense (including the payment by it of any applicable issue taxes) will cause to be issued in the name of and delivered to the Holder hereof, or as such Holder (upon payment by such Holder of any applicable transfer taxes) may direct in compliance with applicable securities laws, a certificate or certificates for the number of duly and validly issued, fully paid and non-assessable Common Shares (or Other Securities) to which such Holder shall be entitled on such exercise, together with any other stock or other securities to which such Holder is entitled upon such exercise pursuant to Section 1 or otherwise. The Company understands that a delay in the delivery of the Warrant Shares after the Warrant Share Delivery Date could result in economic loss to the Holder. In the event that the Company fails for any reason to effect delivery of the Warrant Shares by the Warrant Share Delivery Date, the Holder may revoke all or part of the relevant Warrant exercise by delivery of a notice to such effect to the Company, whereupon the Company and the Holder shall each be restored to their respective positions immediately prior to the exercise of the relevant portion of this Warrant.

1.6 Non Exercise and Expiration of Warrants . Notwithstanding anything to the contrary set forth herein, in the event that (i) the Company has not completed a PIPE Financing prior to the Original Maturity Date (as defined in the Debentures) and (ii) the Company's failure to complete a PIPE Financing was not the result of a PIPE Default (as defined in the Debentures), 1/3 (one third) of the Warrant Shares originally issuable hereunder shall expire immediately and no longer be issuable hereunder. Moreover, in order to enforce the foregoing clause, the Holder shall not be entitled to acquire more than 2/3 (two thirds) of the Warrant Shares originally issuable hereunder until following the Original Maturity Date.

2. Exercise . Payment upon exercise must be made at the option of the Holder either in cash, by wire transfer or by certified or official bank check payable to the order of the Company equal to the applicable aggregate Purchase Price, for the number of Common Shares specified in such form (as such exercise number shall be adjusted to reflect any adjustment in the total number of shares of Common Shares issuable to the holder per the terms of this Warrant) and the holder shall thereupon be entitled to receive the number of duly authorized, validly issued, fully-paid and non-assessable shares of Common Shares (or Other Securities) determined as provided herein.

3. Adjustment for Reorganization, Consolidation, Merger, etc.

3.1. Fundamental Transaction . If, at any time while this Warrant is outstanding, (A) the Company effects any merger or consolidation of the Company with or into another entity or (B) the Company effects any reclassification of the Common Shares or any compulsory share exchange pursuant to which the Common Shares is effectively converted into or exchanged for other securities, cash or property (in any such case, a " **Fundamental Transaction** "), then the Holder shall have the right thereafter to receive, upon exercise of this Warrant, the same amount and kind of securities, cash or property as it would have been entitled to receive upon the occurrence of such Fundamental Transaction if it had been, immediately prior to such Fundamental Transaction, the holder of the number of Warrant Shares then issuable upon exercise in full of this Warrant, subject to the limitations set forth herein (the " **Alternate Consideration** "). The aggregate Purchaser Price for this Warrant will not be affected by any such Fundamental Transaction, but the Company shall apportion such aggregate Purchase Price among the Alternate Consideration in a reasonable manner reflecting the relative value of any different components of the Alternate Consideration. If holders of Common Shares are given any choice as to the securities, cash or property to be received in a Fundamental Transaction, then the Holder shall be given the same choice as to the Alternate Consideration it receives upon any exercise of this Warrant following such Fundamental Transaction. To the extent necessary to effectuate the foregoing provisions, any successor to the Company or surviving entity in such Fundamental Transaction shall issue to the Holder a new warrant consistent with the foregoing provisions and evidencing the Holder's right to exercise such warrant into Alternate Consideration. The terms of any agreement pursuant to which a Fundamental Transaction is effected shall include terms requiring any such successor or surviving entity to comply with the provisions of this Section 3.1 and insuring that this Warrant (or any such replacement security) will be similarly adjusted upon any subsequent transaction analogous to a Fundamental Transaction. The Merger is a Fundamental Transaction. The Company shall give the Holder not less than fifteen (15) Business Days notice prior to any Fundamental Transaction ("Fundamental Transaction Notice"). The failure to timely give a Fundamental Transaction Notice shall extend any rights of the Holder pursuant to this Warrant until fifteen (15) Business Days after receipt of a Fundamental Transaction Notice.

4. Extraordinary Events Regarding Common Shares . In the event that the Company shall (a) issue additional Common Shares as a dividend or other distribution of its assets on outstanding Common Shares, (b) subdivide its outstanding Common Shares, or (c) combine its outstanding Common Shares into a smaller number of Common Shares, then, in each such event, the Purchase Price shall, simultaneously with the happening of such event, be adjusted by multiplying the then Purchase Price by a fraction, the numerator of which shall be the number of Common Shares outstanding immediately prior to such event and the denominator of which shall be the number of Common Shares outstanding immediately after such event, and the product so obtained shall thereafter be the Purchase Price then in effect. The Purchase Price, as so adjusted, shall be readjusted in the same manner upon the happening of any successive event or events described herein in this Section 4 . The number of Common Shares that the Holder of this Warrant shall thereafter, on the exercise hereof, be entitled to receive shall be adjusted to a number determined by multiplying the number of Common Shares that would otherwise (but for the provisions of this Section 4) be issuable on such exercise by a fraction of which (a) the numerator is the Purchase Price that would otherwise (but for the provisions of this Section 4) be in effect, and (b) the denominator is the Purchase Price in effect on the date of such exercise.

5. Certificate as to Adjustments . In each case of any adjustment or readjustment in the Common Shares (or Other Securities) issuable on the exercise of the Warrants, the Company at its expense will promptly cause its Chief Financial Officer or other appropriate designee to compute such adjustment or readjustment in accordance with the terms of the Warrant and prepare a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (a) the consideration received or receivable by the Company for any additional Common Shares (or Other Securities) issued or sold or deemed to have been issued or sold, (b) the number of Common Shares (or Other Securities) outstanding or deemed to be outstanding, and (c) the Purchase Price and the number of Common Shares to be received upon exercise of this Warrant, in effect immediately prior to such adjustment or readjustment and as adjusted or readjusted as provided in this Warrant.. The Company will forthwith mail a copy of each such certificate to the Holder of the Warrant and any Warrant Agent of the Company (appointed pursuant to Section 11 hereof).

6. Reservation of Stock, etc. Issuable on Exercise of Warrant; Financial Statements . The Company will at all times reserve and keep available, solely for issuance and delivery on the exercise of the Warrants, all Common Shares (or Other Securities) from time to time issuable on the exercise of the Warrant. This Warrant entitles the Holder hereof, upon written request, to receive copies of all financial and other information distributed or required to be distributed to the holders of the Company's Common Shares.

7. Assignment; Exchange of Warrant . Subject to compliance with applicable securities laws and the Company's Articles of Association, as may be amended from time, this Warrant, and the rights evidenced hereby, may be transferred by any registered holder hereof (a " **Transferor** "). On the surrender for exchange of this Warrant, with the Transferor's endorsement in the form of Exhibit B attached hereto (the " **Transferor Endorsement Form** ") and together with an opinion of counsel reasonably satisfactory to the Company that the transfer of this Warrant will be in compliance with applicable securities laws and the Company's Articles of Association, as may be amended from time to time, the Company will issue and deliver to or on the order of the Transferor thereof a new Warrant or Warrants of like tenor, in the name of the Transferor and/or the transferee(s) specified in such Transferor Endorsement Form (each a " **Transferee** "), calling in the aggregate on the face or faces thereof for the number of Common Shares called for on the face or faces of the Warrant so surrendered by the Transferor.

8. Replacement of Warrant . On receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction or mutilation of this Warrant and, in the case of any such loss, theft or destruction of this Warrant, on delivery of an indemnity agreement or security reasonably satisfactory in form and amount to the Company or, in the case of any such mutilation, on surrender and cancellation of this Warrant, the Company at its expense, twice only, will execute and deliver, in lieu thereof, a new Warrant of like tenor.

9. Maximum Exercise . The Holder shall not be entitled to exercise this Warrant on an exercise date and the Company may not call this Warrant pursuant to Section 10, in connection with that number of Common Shares which would be in excess of the sum of (i) the number of Common Shares beneficially owned by the Holder and its affiliates on an exercise or call date, and (ii) the number of Common Shares issuable upon the exercise of this Warrant with respect to which the determination of this limitation is being made on an exercise date, which would result in beneficial ownership by the Holder and its affiliates of more than 9.99% of the outstanding Common Shares on such date. For the purposes of the immediately preceding sentence, beneficial ownership shall be determined in accordance with Section 13(d) of the Exchange Act and Rule 13d-3 thereunder. Subject to the foregoing, the Holder shall not be limited to aggregate exercises which would result in the issuance of more than 9.99%. The Company shall have no obligation to determine whether the Holder may exercise this Warrant with respect to the limitations set forth in this paragraph and each delivery of a Subscription Form hereunder will constitute a representation by the Holder that it has evaluated the limitation set forth in this paragraph and determined that issuance of the full number of Warrant Shares requested in such Subscription Form is permitted under this paragraph.

10. Mandatory Conversion . Notwithstanding anything to the contrary contained herein, the Company may, at any time, or from time to time, require the Holder, upon not less than fifteen (15) trading days prior written notice, to exercise this Warrant in whole or in part in the event (i) the Company's Common Shares shall be listed for trading on a Principal Market, (ii) the closing sales price for fifteen (15) consecutive trading days was at least 165% of the Purchase Price, (iii) the average daily trading volume of the Common Shares on the Principal Market, as reported by Bloomberg L.P., was not less than 150,000 shares for fifteen (15) consecutive trading days and (iv) there is an effective registration statement covering the resale of the Warrant Shares. In the event that the Holder does not exercise this Warrant prior to the date prescribed by the Company (the " **Mandatory Exercise Date** "), this Warrant shall expire immediately and the Mandatory Exercise Date shall be deemed to be the "Expiration Date" hereunder.

11. Warrant Agent . The Company may, by written notice to the Holder of the Warrant, appoint an agent (a " **Warrant Agent** ") for the purpose of issuing Common Shares (or Other Securities) on the exercise of this Warrant pursuant to Section 1 , exchanging this Warrant pursuant to Section 7 , and replacing this Warrant pursuant to Section 8 , or any of the foregoing, and thereafter any such issuance, exchange or replacement, as the case may be, shall be made at such office by such Warrant Agent.

12. Transfer on the Company's Books . Until this Warrant is transferred on the books of the Company, the Company may treat the registered holder hereof as the absolute owner hereof for all purposes, notwithstanding any notice to the contrary.

13. Registration Rights . The Holder of this Warrant will be granted the same registration rights granted to investors in the Reverse Merger Financing as defined in the Share Exchange Agreement.

14. Notices . All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the second business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be: if to the Company, to: InspireMD, Ltd., 3 Menorat Hamaor St. Tel Aviv, Israel Fax: + 972-3-6917692, Attn: Ofir Paz, with a copy to: Haynes and Boone, LLP, 1221 Avenue of the Americas, 26 th Floor, New York, NY 10020-1007, Fax: (212) 884–8234, Attention: Rick Werner, Esq., and (ii) if to the Holder, to the address and facsimile number listed on the first paragraph of this Warrant, with a copy by fax only to: Grushko & Mittman, P.C., 515 Rockaway Avenue, Valley Stream, New York 11581, facsimile: (212) 697–3575.

15. Applicable law and arbitration. All disputes arising under this Warrant or in connection with the transactions hereunder shall be resolved only between the parties in good faith, however, if these efforts fail the dispute shall be resolved in accordance with the laws of the State of New York excluding that body of law pertaining to conflict of law. Any action brought by either party against the other concerning the transactions contemplated by this Warrant must be brought only in the courts located in New York, New York. Both parties and the individual signing this Agreement on behalf of the Company agree to submit to the exclusive jurisdiction of such courts and the Holder irrevocably waives any objection as to venue or "inconvenient forum."

IN WITNESS WHEREOF, the Company has executed this Warrant as of the date first written above.

INSPIREMD, INC.

By: _____
Name:
Title:

Exhibit A

FORM OF SUBSCRIPTION
(to be signed only on exercise of Warrant)

TO: INSPIREMD, INC.

The undersigned, pursuant to the provisions set forth in the attached Warrant (No. _____), hereby irrevocably elects to purchase _____ Common Shares covered by such Warrant

The undersigned herewith makes payment of the full purchase price for such shares at the price per share provided for in such Warrant, which is $_____.

The undersigned requests that the certificates for such shares be issued in the name of, and delivered pursuant to the DTC instructions below or to _____ whose address is _____
_____.

The undersigned represents and warrants that all offers and sales by the undersigned of the securities issuable upon exercise of the within Warrant shall be made pursuant to registration of the Common Shares under the Securities Act of 1933, as amended (the "Securities Act"), or pursuant to an exemption from registration under the Securities Act.

DTC Instructions: _____
_____
_____

Dated:_____ _____
(Signature must conform to name of holder as specified on the face of the Warrant)

(Address)

Exhibit B

FORM OF TRANSFEROR ENDORSEMENT
(To be signed only on transfer of Warrant)

For value received, the undersigned hereby sells, assigns, and transfers unto the person(s) named below under the heading "Transferees" the right represented by the within Warrant to purchase the percentage and number of Common Shares of INSPIREMD, INC. to which the within Warrant relates specified under the headings "Percentage Transferred" and "Number Transferred," respectively, opposite the name(s) of such person(s) and appoints each such person Attorney to transfer its respective right on the books of INSPIREMD, INC. with full power of substitution in the premises.

Transferees	Percentage Transferred	Number Transferred

Dated: _____, _____

_____
(Signature must conform to name of holder as specified on the face of the warrant)

Signed in the presence of:

_____

_____
(Name)

_____
(address)

ACCEPTED AND AGREED:
[TRANSFEREE]

_____

_____
(address)

_____
(Name)

NEITHER THE ISSUANCE AND SALE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE NOR THE SECURITIES INTO WHICH THESE SECURITIES ARE CONVERTIBLE HAVE BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN OPINION OF COUNSEL (WHICH COUNSEL SHALL BE SELECTED BY THE HOLDER), IN A GENERALLY ACCEPTABLE FORM, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR (II) UNLESS SOLD PURSUANT TO RULE 144 OR RULE 144A UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, SUBJECT TO THE PROVISIONS OF THE BORROWER'S ARTICLES OF ASSOCIATION REGARDING RESTRICTIONS ON TRANSFER OF THE BORROWER'S SECURITIES, AS SHALL BE AMENDED FROM TIME TO TIME, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR FINANCING ARRANGEMENT SECURED BY THE SECURITIES .

Principal Amount: $1,250,000.00 **Issue Date: July 20, 2010**

CONVERTIBLE DEBENTURE

FOR VALUE RECEIVED, **InspireMD Ltd.** , a corporation continued under the laws of the State of Israel (hereinafter called " **Borrower** "), hereby promises to pay to the order of Genesis Asset Opportunity Fund, L.P., maintaining an address at 61 Paine Avenue, New Rochelle, NY 10084, Fax: (212) 798–1366 (" **Holder** ") without demand, the sum of One Million Two Hundred Fifty Thousand Dollars ($1,250,000.00) (" **Principal Amount** "), with interest accruing thereon, on the **Maturity Date** , if not sooner paid or converted into the Borrower's or Pubco's securities as provided herein.

This Debenture has been entered into pursuant to the terms of a securities purchase agreement among the Borrower, the Holder and certain other holders (the " **Other Holders** ") of convertible debentures (the " **Other Debentures** "), dated of even date herewith (the " **Securities Purchase Agreement** ") for an aggregate Principal Amount of $1,250,000.

ARTICLE I
DEFINITIONS

1.1 Definitions . Capitalized terms used and not otherwise defined herein that are defined in the Securities Purchase Agreement shall have the meanings given to such terms in the Securities Purchase Agreement. Whenever used in this Agreement, the following terms shall have the following respective meanings:

- "Audit Default" shall have the meaning set forth in the Securities Purchase Agreement;
- "Business Day" shall have the meaning set forth in the Securities Purchase Agreement;
- "Closing Date" shall have the meaning set forth in the Securities Purchase Agreement;

- "Company Financing" shall mean the closing of, or execution of a definitive and binding agreement (subject to customary closing conditions) with respect to, an equity or convertible debt financing, or series of related financings, that provides for the receipt by the Borrower of not less than $3,000,000 in the aggregate; which closing occurs, or definitive agreement is executed, as the case may be, between the Closing and twelve months following the Maturity Date;

- "Debenture" shall mean this instrument as originally executed, or if later amended or supplemented, then as so amended or supplemented;

- "Exclusivity Period" shall have the meaning set forth in the Securities Purchase Agreement;

- "Material Adverse Effect" shall mean (i) any event, occurrence, fact or circumstance which has had a material adverse effect on the business, assets, condition (financial or otherwise), liabilities or results of operations of the Borrower or (ii) an Audit Default; provided , however , that the following occurrences shall not be deemed to be a Material Adverse Effect: (A) changes resulting from the announcement of the sale of the Debentures or the intention to effectuate the PIPE Financing; (B) changes resulting from the parties' compliance with the terms of the Transaction Documents; (C) the failure of the Borrower to meet its financial projections and (D) provided that the Borrower is able to continue its business in substantially the same manner as before, the occurrence of: (i) changes in general political, economic or financial market conditions; (ii) changes in industry conditions that do not disproportionately effect the Borrower or its subsidiaries; (iii) changes in GAAP; (iv) changes in law; and (v) acts of terrorism or war;

- "Material Subsidiary" means a subsidiary of the Borrower whose total assets (after intercompany eliminations) exceed 30 percent of the total assets of the Borrower and all of its subsidiaries, as calculated on a consolidated basis, as of the end of the most recently completed fiscal quarter;

- "Maturity Date" shall mean the date that payment or conversion, as the case may be, of this Debenture is required hereunder;

- "Merger" shall have the meaning set forth in the Securities Purchase Agreement;

- "Ordinary Shares" shall have the meaning set forth in the Securities Purchase Agreement;

- "Original Maturity Date" shall have the meaning set forth in Section 2.1 herein;

- "Other Debentures" shall have the meaning set forth in the preamble of this Debenture;

- "Other Holders" shall have the meaning set forth in the preamble of this Debenture;

- "Pipe Default" shall mean (i) the Borrower's failure to act in good faith to timely effectuate the Pipe Financing or (ii) the occurrence of a Material Adverse Effect;

- "Pipe Financing" shall have the meaning set forth in the Securities Purchase Agreement;

- "Pubco" shall have the meaning set forth in the Securities Purchase Agreement;

- "Pubco Common Stock" shall have the meaning set forth in the Securities Purchase Agreement;

- "Second Maturity Date" shall have the meaning set forth in Section 2.2 herein;
- "Securities Purchase Agreement" shall have the meaning set forth in the preamble of this Debenture;
- "Tax Ruling" shall have the meaning set forth in the Securities Purchase Agreement;
- "Transaction Documents" shall have the meaning set forth in the Securities Purchase Agreement.

ARTICLE II
GENERAL PROVISIONS

2.1 Original Maturity Date . The Borrower shall pay all sums due on the Debenture on the later of (i) two months subsequent to the Borrower's receipt of the Tax Ruling or (ii) the six month anniversary of the Closing Date (the "Original Maturity Date").

2.2 Second Maturity Date. Provided neither a Pipe Default nor an Event of Default have occurred then, commencing 20 Business Days before the Original Maturity Date, the Borrower shall have the right, in its sole discretion, to extend the Maturity Date until nine months after the Original Maturity Date (such extended date being the "Second Maturity Date") by providing written notice to the Holder not later than 10 Business Days prior to the Original Maturity Date.

2.3 Interest Rate . Interest payable on this Debenture shall accrue at the annual rate of eight percent (8%) from the Issue Date through the date the Debenture is paid or converted as provided for herein.

2.4 Pari Passu . All payments made on this Debenture and the Other Debentures and except as otherwise set forth herein all actions taken by the Borrower with respect to this Debenture and the Other Debentures, including but not limited to Mandatory Conversion and Optional Redemption (as set forth in Article III), shall be made and taken *pari passu* with respect to this Debenture and the Other Debentures.

2.5 No Insolvency Proceedings . The Holder shall not initiate any insolvency or bankruptcy proceedings against the Borrower due to the failure of the Borrower to pay this Debenture or the interest thereon.

ARTICLE III
MANDATORY CONVERSION AND OPTIONAL REDEMPTION

3.1 Pipe Financing Conversion . Provided the closing of the Pipe Financing occurs before the Original Maturity Date, or, in the event that the Borrower elects to extend the term of this Debenture pursuant to Section 2.2 hereof, the Second Maturity Date, then, at the option of the Holder, this Debenture shall convert (in full and not in part) into shares of Pubco Common Stock at the price of $1.50 per share at the closing of the Pipe Financing. If this Debenture is not converted at the closing of the Pipe Financing, it will be repaid in cash at the closing of the Pipe Financing.

3.2 Company Financing Conversion . Provided a Pipe Default, an Event of Default or a Pipe Financing have not occurred, upon a Company Financing occurring after the expiration of the Exclusivity Period but prior to the one year anniversary of the Second Maturity Date, this Debenture shall automatically convert into Ordinary Shares of the Borrower at price per share calculated at a 15% discount to the pricing of the Company Financing; provided, however, the total coupon and discount granted to the Holder under this Section 3.2 shall not exceed a 20% discount to the pricing of the Company Financing. For the purpose of clarity commencing on the expiration of the Exclusivity Period, this Debenture shall be convertible in accordance with both Sections 3.1 or 3.2 herein, which ever occurs first.

3.3 Second Maturity Date Conversion . Provided neither a Pipe Default nor an Event of Default have occurred and this Debenture was not previously converted pursuant to Sections 3.1 or 3.2 herein before the Second Maturity Date then, upon the Second Maturity Date, this Debenture shall automatically convert into Ordinary Shares of the Borrower as follows:
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(a) If a Company Financing occurs within one year after the Second Maturity Date then at the closing of the Company Financing this Debenture shall automatically convert into Ordinary Shares of the Borrower at price per share calculated at a 15% discount to the pricing of the Company Financing; provided, however, the total coupon and discount granted to the Holder under this Section 3.2 shall not exceed a 20% discount to the pricing of the Company Financing.

(b) If a Company Financing does not occur within one year after the Second Maturity Date then on the First Anniversary of the Second Maturity Date this Debenture shall automatically convert into Ordinary Shares of the Borrower at a price of $10 per share.

(c) For the purpose of clarity an Event of Default first occurring after the Second Maturity Date shall not affect the conversion provisions of this Section 3.3.

3.4 Reclassification, etc. If the Borrower at any time shall, by reclassification or otherwise, change the Ordinary Shares into the same or a different number of securities of any class or classes that may be issued or outstanding, this Debenture, as to the unpaid principal portion thereof and accrued interest thereon, shall thereafter be deemed to evidence the right to purchase an adjusted number of such securities and kind of securities as would have been issuable as the result of such change with respect to the Ordinary Shares immediately prior to such reclassification or other change.

3.5 Stock Splits, Combinations and Dividends . If the Ordinary Shares are subdivided or combined into a greater or smaller number of Ordinary Shares, or if a dividend is paid on the Ordinary Shares in Ordinary Shares, the Conversion Price shall be proportionately reduced in case of subdivision of shares or stock dividend or proportionately increased in the case of combination of shares, in each such case by the ratio which the total number of Ordinary Shares outstanding immediately after such event bears to the total number of Ordinary Shares outstanding immediately prior to such event.

3.6 Redemption . This Debenture may be prepaid by the Borrower at any time without the consent of the Holder.

ARTICLE IV
EVENT OF DEFAULT

The occurrence of any of the following events of default (“ **Event of Default** ”) shall, at the option of the Holder hereof, make all sums of principal and interest then remaining unpaid hereon and all other amounts payable hereunder immediately due and payable, upon demand, without presentment or grace period, all of which hereby are expressly waived, except as set forth below:

4.1 Failure to Pay Principal or Interest . The Borrower fails to pay any installment of principal, interest or other sum due under this Debenture when due.

4.2 Breach of Covenant . The Borrower or any Material Subsidiary breaches any material covenant or other term or condition of the Transaction Documents in any material respect and such breach, if subject to cure, continues for a period of fifteen (15) days.

4.3 Breach of Representations and Warranties . Any material representation or warranty of the Borrower made in the Transaction Documents, or in any agreement, statement or certificate given in writing pursuant thereto or in connection therewith shall be false or misleading in any material respect as of the date made and the Closing Date.

4.4 Liquidation . Any dissolution, liquidation or winding up of the Borrower or a Material Subsidiary.

4.5 Cessation of Operations . Any cessation of operations by the Borrower or a Material Subsidiary, for 60 consecutive days, or the Borrower is unable to pay its undisputed debt as such debts become due.

4.6 Financing Default . If the Borrower enters into a reverse merger, public offering or other private placement during the Exclusivity Period.

4.7 Receiver or Trustee . The Borrower shall make an assignment for the benefit of creditors, or apply for or consent to the appointment of a receiver, trustee or liquidator for it or for a substantial part of its property or business; or such a receiver, trustee or liquidator shall otherwise be appointed which appointment has not been terminated by a court of competent jurisdiction within ninety (90) days of such appointment.

4.8 Judgments . Any money judgment, writ or similar final process shall be entered or made in a non-appealable adjudication against the Borrower or any Material Subsidiary or any of its property or other assets for more than $500,000, unless paid, stayed, vacated, bonded or satisfied within sixty (60) days.

4.9 Bankruptcy . Bankruptcy, insolvency, reorganization or liquidation proceedings or other proceedings or relief under any bankruptcy law or any law for the relief of debtors shall be instituted by or against the Borrower or a Material Subsidiary and, if instituted against the Borrower or a Material Subsidiary, shall not be dismissed within ninety (90) days after such institution.

4.10 Reservation Default . Failure by the Borrower to have reserved for issuance upon exercise of the Warrants the number of shares of Ordinary Shares required to allow exercise of all Warrants issued pursuant to the Securities Purchase Agreement in the event such failure persists for a period of more than thirty (30) days.

4.11 Merger . Other than as part of the Merger, the merger, consolidation or reorganization of the Borrower with or into another corporation or person or entity (other than with or into a subsidiary, at least 80% of which is owned by the Borrower), or the sale of capital stock of the Borrower by the Borrower or the holders thereof, in any case under circumstances in which the holders of a majority of the voting power of the outstanding capital stock of the Borrower immediately prior to such transaction shall own less than a majority in voting power of the outstanding capital stock of the Borrower or the surviving or resulting corporation or other entity, as the case may be, immediately following such transaction.

4.12. Material Adverse Effect . The occurrence of one or more events having a Material Adverse Effect.

4.13 Other Debenture Default . The occurrence of an Event of Default under any Other Debenture.

4.14 Adverse Tax Ruling . A Tax Ruling from the Israeli Tax Authority that the issuance of Pubco securities in exchange for Company securities held by Company shareholders and option holders upon the closing of the Merger shall not constitute a deferred tax event for the Company and/or its shareholders and shall obligate them to pay any amounts prior to receiving actual funds resulting from sale of Pubco's securities as a result of such exchange.

4.15 Failure to Obtain Tax Ruling . If the Borrower fails to obtain a Tax Ruling within 15 months after the Closing Date.

ARTICLE V
MISCELLANEOUS

5.1 Failure or Indulgence Not Waiver . No failure or delay on the part of the Holder hereof in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege. All rights and remedies existing hereunder are cumulative to, and not exclusive of, any rights or remedies otherwise available.

5.2 Notices . All notices, demands, requests, consents, approvals, and other communications required or permitted hereunder shall be in writing and, unless otherwise specified herein, shall be (i) personally served, (ii) deposited in the mail, registered or certified, return receipt requested, postage prepaid, (iii) delivered by reputable air courier service with charges prepaid, or (iv) transmitted by hand delivery, telegram, or facsimile, addressed as set forth below or to such other address as such party shall have specified most recently by written notice. Any notice or other communication required or permitted to be given hereunder shall be deemed effective (a) upon hand delivery or delivery by facsimile, with accurate confirmation generated by the transmitting facsimile machine, at the address or number designated below (if delivered on a business day during normal business hours where such notice is to be received), or the first business day following such delivery (if delivered other than on a business day during normal business hours where such notice is to be received) or (b) on the first business day following the date of mailing by express courier service, fully prepaid, addressed to such address, or upon actual receipt of such mailing, whichever shall first occur. The addresses for such communications shall be: (i) if to the Borrower to: InspireMD, Ltd., 3 Menorat Hamaor St. Tel Aviv, Israel Fax: + 972-3-6917692 , Attn: Dr. Asher Holzer, with a copy to: Haynes and Boone, LLP, 1221 Avenue of the Americas, 26 th Floor, New York, NY 10020-1007, Fax: (212) 884–8234, Attention: Rick Werner, Esq., and (ii) if to the Holder, to the name, address and facsimile number set forth on the front page of this Debenture, with a copy by fax only to Grushko & Mittman, P.C., 515 Rockaway Avenue, Valley Stream, New York 11581, facsimile: (212) 697–3575 .

5.3 Assignability . This Debenture shall be binding upon the Borrower and its successors and assigns, and shall inure to the benefit of the Holder and its successors and assigns. The Borrower may not assign its obligations under this Debenture.

5.4 Cost of Collection . If default is made in the payment of this Debenture, the Borrower shall pay the Holder hereof reasonable costs of collection, including reasonable attorneys' fees.

5.5 Governing Law . This Debenture shall be governed by and construed in accordance with the laws of the State of Israel without regard to conflicts of laws principles that would result in the application of the substantive laws of another jurisdiction. Any action brought by either party against the other concerning the transactions contemplated by this Agreement must be brought only in the courts located in the Tel Aviv Jaffa District, the State of Israel. Both parties and the individual signing this Agreement on behalf of the Borrower agree to submit to the exclusive jurisdiction of such courts and the Holder irrevocably waives any objection to venue as an "inconvenient forum." In the event that any provision of this Debenture is invalid or unenforceable under any applicable statute or rule of law, then such provision shall be deemed inoperative to the extent that it may conflict therewith and shall be deemed modified to conform with such statute or rule of law. Any such provision which may prove invalid or unenforceable under any law shall not affect the validity or unenforceability of any other provision of this Debenture.

5.6 Maximum Payments . Nothing contained herein shall be deemed to establish or require the payment of a rate of interest or other charges in excess of the maximum rate permitted by applicable law. In the event that the rate of interest required to be paid or other charges hereunder exceed the maximum rate permitted by applicable law, any payments in excess of such maximum rate shall be credited against amounts owed by the Borrower to the Holder and thus refunded to the Borrower.

5.7 Non-Business Days . Whenever any payment or any action to be made shall be due on a Saturday, Sunday or a public holiday under the laws of the State of New York or the State of Israel, such payment may be due or action shall be required on the next succeeding business day and, for such payment, such next succeeding day shall be included in the calculation of the amount of accrued interest payable on such date.

5.8 Shareholder Status . The Holder shall not have rights as a shareholder of the Borrower with respect to unconverted portions of this Debenture.

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IN WITNESS WHEREOF , the Borrower has caused this Debenture to be signed in its name by an authorized officer as of the 20 day of July, 2010.

INSPIREMD LTD.

By: _____
Name:
Title:

WITNESS:

_____

UNPROTECTED LEASING AGREEMENT

Which is made and which is signed at Tel Aviv on 22/2/07

BETWEEN: Block 7093 Parcel 162 Company Ltd.
Private Company 510583156
of 3 Menorat Hamaor Street, Tel Aviv 67448
Telephone: 03-6955185 Fax: 03-6955183
Electronic Mail: krz1905@012.net.il
(hereinafter: “the lessor”)

OF THE ONE PART

AND

The Inspire M.D. Company Ltd.
Private Company: 513679431
of 3 Menorat Hamaor Street, Tel Aviv 67448
(hereinafter: “the lessee”)

OF THE SECOND PART

WHEREAS The lessor is the occupier (the proprietor of the property) and the sole proprietor of the rights of the land property which is located at 3 Menorat Hamaor Street in Tel Aviv and which is known as part of parcel 533 (formally 162) in block 7093 which includes approximately 825 square meters gross in floor d' (and all in accordance with the plan which is hereby attached to this agreement as an inseparable part thereof and which is marked as appendix a' (hereinafter: "the leased premises").

AND WHEREAS The lessee is desirous of taking the lease premises on lease from the lessor by unprotected leasing in accordance with the plans which are attached.

AND WHEREAS The parties are desirous of settling their legal relationships and their other relationships in this agreement below:

ACCORDINGLY IT IS STIPULATED, IT IS DECLARED AND IT IS AGREED BETWEEN THE PARTIES AS FOLLOWS

1 PREAMBLE AND APPENDICES

The preamble to this agreement and the appendices thereto constitute an inseparable part of this agreement.

2 NONEXISTENCE OF APPLICATION OF THE TENANTS PROTECTION LAWS TO THE LEASING

The lessee hereby declares and confirms that the leasing in accordance with this agreement is an unprotected leasing in accordance with the Tenants Protection Law (Consolidated Version) 5732-1972 and/or other tenants protection laws and their various amendments.

The lessee hereby declares that it has not been required to pay and it has not paid any amount whatsoever to the lessor in respect of key monies for the right of the leasing of the lease premises and that with the exception of the rent as mentioned in this agreement below, the lessee has not given any amount whatsoever to the lessor, in money or in money's worth, in key money, premium or any benefit, for the leasing right in the lease premises as mentioned, and that at the time of the vacating of the lease premises the lessee shall not be entitled to claim any amount whatsoever from the lessor and/or bonus and/or any bonus whatsoever in respect of key money and/or by virtue of the Tenants Protection Law, Consolidated Version, 5732-1972 and/or as being a consequence to this agreement.

3 The lessee declares that it has seen the lease premises and that it shall accept same after the carrying out of renovation of the building, in accordance with the specification which is agreed in advance (appendix b' of the agreement), and completion works in the internal areas in accordance with the plans which the lessee shall submit to the lessor (appendix c' of the agreement).

4 THE PERIOD OF THE LEASING

The original period of the leasing in accordance with this agreement shall commence on 15.02.2007, and the time of the conclusion of the original leasing is at the expiration of 36 months on 14.02.2010.

Commencing from 15.08.2008 the lessee shall be able to give notice of its leaving the lease premises by notice in advance of 6 (six) months.

The lessee is accorded the option to extend the original period of the leasing by two option periods of two years each, one with regard to the lease premises (hereinafter: "the option periods"). It is incumbent upon the lessee to give notice of its intention to exercise the option periods by 90 days prior to the date of the commencement of the option period. The rent for the first option period shall be increased by 10% over and above the rent for the original leasing period. The lessee has a second option to extend the period of the leasing of two additional years up until 14.02.2014. The amount of the rent for the second option period shall be determined at a meeting between the parties by 90 days prior to the date of the renewal of the option in accordance with the level of the prices which customarily prevails at the said time. A condition for the exercise of the option shall be that the lessee shall have fulfilled every condition of this agreement throughout the original period of the leasing in entirety and upon time.

It is agreed that the lessee shall bear the entirety of the payments which are to be borne by it in accordance with this agreement in respect of the period of the leasing whether it shall have actually occupied the lease premises and/or it shall have used the lease premises or it shall not have done so.

The obligation of the lessee in accordance with this clause is a fundamental obligation the breach of which shall constitute fundamental breach of the agreement.

5 THE RENT

For the lease premises the lessee shall pay to the lessor monthly rent in the sum of $8 (eight dollars) in accordance with the representative rate of the American dollar on the day of the payment, which includes the rent and the maintenance fees in the sum of $3 (three American dollars), not including private electricity, rates, water, telephone and so forth.

The rent (including maintenance fees) as mentioned above shall be paid by the lessee to the lessor together with value added tax in accordance with the law . The value added tax as mentioned shall be paid by the lessee to the lessor by post-dated check not later than the day of the payment of the value added tax to the tax authorities in accordance with the law.

(hereinafter together : “the rent”).

The rent including the maintenance fees shall be paid to the lessor once every three months in advance at the beginning of every calendar quarter year, that is to say on the 1st of January, on the 1st Apri, on 1st July and on 1st of October (hereinafter: “quarter”). Upon entry into the lease premises the balance shall be paid by the expiration of the calendar quarter.

The lessor undertakes to accord to the lessee a grace period of three months commencing from 15.2.07 and up until 14.5.07. The lessee undertakes to pay all the expenses accompanying the rent for this period including rates and maintenance fees.

The undertaking of the lessee in accordance with this clause is a fundamental undertaking the breach of which shall constitute fundamental breach of the agreement.

6 THE PURPOSE OF THE LEASING

The lease premises are hereby leased to the lessee for the purpose of the conduct of its business including, inter alia, the development of cellular software and cellular systems.

It is agreed and it is stipulated between the parties that the lessee shall not be entitled to use the lease premises for any purpose whatsoever other than the purpose which is specified above, without the agreement of the lessor thereto in advance and writing. Use for one of the items of the purpose or part thereof shall not constitute another purpose. The lessor and/or those acting under its empowerment shall be entitled to enter into the lease premises at any reasonable time and by arrangement in advance with the lessee, in order to examine the condition of the lease premises and in order to ensure the fulfillment by the lessee of the conditions of the provisions of this agreement.

The obligation of the lessee in accordance with this clause is a fundamental obligation, the breach of which shall constitute fundamental breach of the agreement.

7 LIABILITY, MAINTENANCE

The lessee undertakes throughout the entirety of the period of the leasing, to maintain the area of the lease premises and all its equipment in sound and good condition, to rectify at its own cost within a reasonable time, any defect, breakdown and damage which shall be occasioned to the lease premises and/or to the building by the lessee and/or somebody on its behalf and/or any of its employees, its customers, its visitors or its suppliers and/or anybody who has been permitted by it to enter into the leased premises and/or which emanates from the use and/or from the activity of the lessee in the lease premises and with the exception of the damage which emanates from reasonable depreciation which shall have been occasioned because of proper use of the lease premises. The lessee undertakes to give notice to the lessor within a reasonable time of any breakdown, defect or material damage which shall have been occasioned in the lease premises as mentioned. It is agreed that the obligation of the lessee as mentioned in this main clause applies and shall apply only to current and customary maintenance of the lease premises and its equipment and it does not apply to incompatibilities and/or hidden defects in the lease premises and/or in its systems.

The lessee is liable and undertakes to bear damage of whatsoever type which shall be occasioned to the lessee or to any of its employees, to its customers, to its suppliers and/or to any third party as result of the use and/or the operation of the lessee in the lease premises. The lessor shall be exempted from any liability for damage as mentioned.

Having regard to the fact that a maintenance company is located in the building in which the lease premises are located, it is agreed and it is declared between the parties that the lessor shall not be liable for the rectification of faults in the systems of the building including in the air conditioning system. Without derogating from that which is stated above, it is incumbent upon the maintenance company to rectify the entirety of the faults which shall exist in the building. In accordance with that which is stated, the lessee shall not have any contentions, demands or claims as against the lessor, directly and/or indirectly in respect of systems and/or infrastructures of the building save in the event that the maintenance company shall not fulfill its obligations in this matter as mentioned above. In the event that the maintenance company shall not have fulfilled its obligations as mentioned above within a reasonable time, the lessor undertakes to ensure the rectifications and the sound order of the lease premises and the systems in the building at its own cost, and to set off the costs from the maintenance fees which shall be transferred to the maintenance company.

The obligation of the lessee in accordance with this clause is a fundamental obligation the breach of which shall constitute fundamental breach of the agreement.

8 INUSURANCE

The lessee shall effect, at its own cost, insurance of the entirety of the contents of the lease premises at its real value which covers the entirety of the activity of the lessee.

The lessee shall effect, at its own cost, an insurance policy against liabilities as towards a third party in the limit of liability of 1 million United States dollars per event and per period. In the said insurance as mentioned, the lessee shall add the lessor as insured party in respect of its liability as the proprietor of the leased premises and/or in respect of its vicarious liability for the acts and/or the omissions of the lessee.

The lessee shall effect, at its own cost, an employers liability policy throughout the entirety of the period of the leasing, in the sum of 2 (two) million United States dollars, per event and up to 5 (five) million American dollars per period. In the said insurance as mentioned, the lessee shall add the lessor as insured party in respect of its liability as the proprietor of the leased premises and/or in respect of its vicarious liability for acts and/or omissions of the lessee. The policy which is included above shall include a cancellation of the insurance clause or the non-renewal thereof by notice in advance of 30 (thirty) days prior to the expiration of the time of the insurance.

The lessor shall effect, at its own cost, insurance of the building of the lease premises and that which is adjoined to it at its real value, which shall include expanded fire insurance, burglary damages and attempted burglary damages.

The lessee and the lessor hereby waive this subrogation right as against it and/or as towards all those acting under its empowerment and/or those acting on its behalf save in the event that any of the parties who are mentioned above shall have caused damage maliciously.

The parties shall produce, in accordance with demand, a copy of the above mentioned insurance policy.

Nothing in the actual effecting of the above mentioned insurance policies shall have the effect of exempting the parties and/or of releasing them in any manner and form from the liability in accordance with this agreement or in accordance with any law.

In the event that the lessee shall have failed to effect the insurances which it is incumbent upon it to effect as mentioned above, the lessor shall be entitled to effect the above mentioned insurances in its stead, and the lessee shall bear the insurance premiums and shall pay them to the lessor upon its first demand.

9 TRANSFER OF RIGHTS

The lessor shall be entitled to transfer its rights in the leased premises or in part thereof to any third party and provided that it shall do this whilst maintaining the entirety of the rights of the lessee in accordance with the terms of this agreement. The lessor shall be entitled to continue with the construction of an additional floor in the said property and it shall act to such extent as is possible to minimize the disturbance to the reasonable use of the lessee premises, including the construction of a framework at nights, arrangement of operations which are connected with the activities of the lessee in advance, and so forth.

The lessee shall be entitled to transfer its rights in the lease premises or in part of them to any third party and provided that it shall do this whilst maintaining all the rights of the lessor in accordance with the terms of this agreement. The lessor shall be accorded the right to object to the identity of the alternative lessee solely for reasonable grounds.

10 ALTERATIONS IN THE LEASE PREMISES

The lessee shall be entitled to carry out minor adjustments in the leased premises, limited to 10% of the total of the plaster walls, and at an identical level, such as alterations in the interior partitions and the accompanying works therefor, without the need for the approval of the lessor to any material alteration, rectification or supplement for these works. The lessee shall not touch block walls. It is made clear that it is incumbent upon the lessee to render the lessor cognisant in advance of any material alteration, rectification or supplement which shall be carried out in the lessee premises, including alterations which do not require the agreement of the lessor. In the event that the lessee shall go beyond 10% in renovations, it shall restore the condition of the premises to that in which they were previously, at the expiration of the leasing in the event that it shall be required by the lessor so to do by the expiration of the period of the leasing.

The lessee shall be entitled to install aerials upon the roof of the building for the purpose of receiving radio, television, and satellite transmissions at its own cost to its offices in a proper manner not in the frontages of the building.

11 VARIOUS PAYMENTS

Throughout the period of the leasing the lessee shall pay, in addition to the rent also the following amounts in exchange for a tax invoice issued by the lessor;

Water account – in accordance with precise reading of the water meter and in accordance with the tariffs of the municipality.

Maintenance fees - $3 per square meter per month, included in the rent.

Electricity – subject to clause 13 of this agreement.

The obligation of the lessee in accordance with this clause is a material obligation the breach of which shall constitute fundamental breach of the agreement.

12 TIMES OF PAYMENTS AND DELAYS

Every payment which is to be borne by any of the parties in accordance with the terms of this agreement and in accordance with any law, shall be made at the time which is determined.

Any payment which is to be borne by lessee in accordance with the terms of this agreement and in accordance with any law and which shall not have been made within 7 business days from the time which has been determined therefor, shall bear prime interest with the addition of 2% (two per cent) annual interest from the time for the payment and up until the actual time of the payment.

13 SUPPLY OF ELECTRICITY

The lessee declares that it is aware that the lessor is the sole holder of the rights as towards the Electricity Company in everything which relates to the receipt and to the supply of electricity to the lessee premises and to its surroundings, subject to clause 14. The lessee hereby waives absolutely and irrevocably its right to communicate with the Electricity Company in anything which relates to the supply of electricity to the lease premises.

The supply of the electricity to the lease premises shall be carried out by way of supply in bulk to the building and from the building by the lessor to the lease premises and all in accordance with the determination of the lessor with the Electricity Company. The lessee shall bear the payments of the electricity consumption in accordance with the detailed account which shall be forwarded to it by the lessor each and every month which shall be based upon the reading of the meter and which shall be subject to the tariffs of the Electricity Company to consumers in the absence of bulk, as shall be determined by the Electricity Company from time to time, including graded tariffs, in the event that they shall exist and all other rights which are due from the Electricity Company. The payment shall be made to the lessor within 20 days from the time of the demand. In the building, a separate meter shall be installed for the lease premises.

In the event of a change in the electricity system in the lease premises, including increase of the electricity supply, it shall be incumbent upon the lessee to render the lessor cognisant in advance and in writing. The lessor shall have the right to object thereto on reasonable grounds.

14 VACATING OF THE LEASE PREMISES

In any instance whereby it is incumbent upon the lessee to vacate the lease premises subject to the terms of this agreement and/or in accordance with any law, and for any reason whatsoever, the lessee shall return the leased premises to the lessor with their being free of any person and moveable chattel, with the exception of the property of the lessor which includes the entirety of the apparatus which is connected to the floor and to the walls, with it being in sound condition, including all the supplementations which have been added therein, and with the exception of reasonable deterioration as a result of proper use thereof.

In the event that the lessee shall have failed to vacate the lease premises on time in accordance with the terms of this agreement, whether upon the termination of the original period of the leasing and/or the option period, in the event that it shall have been exercised, and whether because of the lawful cancellation of the agreement and for any reason, the lessee shall pay compensation to the lessor, which is determined and assessed in advance, at a rate and in an amount which shall be equivalent to 200% (two hundred per cent) of rent per day for every day of delay in the vacating of the lease premises as specified above and with the addition of value added tax in accordance with the law. In the event that there is no alternative tenant, the lessee shall be able to delay the vacating of the lease premises for up to 30 days without payment of the 200%. This period shall be deemed to be a period of the leasing in all respects and for all purposes including payments of rent and rates.

A month prior to the vacating of the lease premises and up to a week thereafter, the damages in the lease premises shall be assessed, in the event that there shall be any, by the lessor and the lessee, jointly, and the damages shall be assessed. The lessee undertakes to restore the premises to the condition/situation as they were previously, subject to reasonable depreciation as a result of the proper use of the lease premises.

The obligation of the lessee in accordance with this clause is a material obligation the breach of which shall constitute fundamental breach of the agreement.

15 SECURITIES

As security for the fulfillment of the obligations of the lessee in accordance with this agreement, the lessee undertakes to provide to the lessor at the time of the signature of this agreement an unqualified autonomous bank guarantee in the sum of four (4) months of leasing, in force for the entirety of the period of the agreement with the addition of 60 days, and for extension from time to time in accordance with the necessity. For the sake of the removal of doubt, the lessee shall extend the period of the said guarantee, in accordance with the necessity as there shall be from time to time, 30 (thirty) days prior to the expiration of the validity of the guarantee and it shall deliver a copy of the said guarantee for the perusal of the lessor, immediately afterwards. In the event that the lessee shall have failed to do so, the lessor shall be entitled to foreclose the guarantee, and the lessee shall not have any contention, demand and/or claim in respect thereof. The amount of the guarantee shall be linked to the representative rate of the American dollar.

The condition of the foreclosure of the guarantee by the lessor shall be in the event that the lessee shall breach one or more of its obligations in accordance with this agreement and in any event after warning notice thereof of 14 days in advance and in writing shall have been given and the lessee shall not have rectified the breach. In the event that the lessee shall have fulfilled the entirety of its obligations in accordance with this agreement, the lessor shall return the bank guarantee to the lessee within 60 days from the expiration of the original period of the leasing and/or the period of the option, as the case may be.

16 ARBITRATION

The parties hereby agree to the submission of all differences of opinion between them to a sole arbitrator who shall be chosen by them. In the absence of agreement between them upon the identity of the arbitrator, the arbitrator shall be chosen by the Head of the Chamber of Advocates. The arbitrator shall be bound by the substantive law but not by the procedural laws. This clause constitutes a valid arbitration agreement between the parties without the necessity for an additional document.

17 SET-OFF

The lessee shall not entitled to set-off from the payments of the lessee in accordance with the provisions of this agreement, including from the rent, any monetary liabilities for which the lessor is liable as towards the lessee, if at all, in respect of this agreement.

18 GENERAL

The headings which appear in this agreement are solely for convenience and they shall not be of any legal and/or other legal significance or relevance.

Any alteration in the terms of this agreement shall not be of any significance or relevance unless made in writing and signed by the two parties.

In spite of that which is stated in this agreement, above and below, and without prejudice to the generality of matters, the parties reserve the right to any relief to which they shall be entitled in respect of the breach of this agreement in accordance with any law.

Each party shall bear the professional fees of its lawyer.

Every notice which shall be forwarded by one party to the other shall be deemed to have been received by the addressee party at the expiration of 72 hours from the time that it shall have been forwarded by post in Israel in accordance with the addresses as specified in the heading of the agreement.

IN WITNESS WHEREOF THE PARTIES HAVE SIGNED.

The Inspire M.D. Company Ltd.	Block 7093 Parcel 162 Company Ltd.
Private Company: 513679431	Tel Aviv
(Signature)	(Signature)
Inspire M.D. Ltd.	Block 7093 Parcel 162 Company Ltd.

APPENDIX B’

In accordance with clause 3 of the leasing agreement between the Inspire M.D. Company Ltd. and Block 7093 Parcel 162 Company Ltd., the following is the obligation of the lessor to carry out the following works in the building at 3 Menorat Hamaor Street, in Tel Aviv:

1. Alterations in floor d’ in accordance with demand.

2. Checking of the air conditioning system, transfer of the air conditioners to the roof floor.

3. Whitewashing and painting of the floor.

4. Replacement of old carpet with a carpet of the “commercial queen carpets” brand, Milano pattern.

5. Construction of cupboard for concealment of fire extinguisher post in the lobby of floor d’ and installation of 2 glass security doors for entry to the two sections on the floor.

6. Allocation of location for communication piping passage from computer room to roof of the building.

7. Examination of the storey electricity cupboard for meeting standards and for sound operation.

8. Renovation and upgrading of the elevator of the building.

9. External cleaning of the building from air-conditioners, pipe systems, lattices, etc, and its being painted.

10. Renovation of the stairs room, the floor lobby and enlargement of the main lobby.

11. General renovation of the conveniences of floor d'.

12. Completion of development of area between the buildings with integrated stone with provision of a solution to the problem of drainage of the area including the restaurant at 4 Menorat Hamaor.

13. Sealing of the roof to prevent leakage and seepage of water.

The lessor undertakes to make available to the lessee an autonomous bank guarantee for guaranteeing the carrying out of the above mentioned work.

The lessor undertakes to complete the works by the end of the grace period which is provided to the lessee (14.05.07).

IN WITNESS WHEREOF THE PARTIES HAVE SIGNED.

The Inspire M.D. Company Ltd.	Block 7093 Parcel 162 Company Ltd.
Private Company: 513679431	Tel Aviv
(Signature)	(Signature)
Inspire M.D. Ltd.	Block 7093 Parcel 162 Company Ltd.

SECURITIES PURCHASE AGREEMENT

This Securities Purchase Agreement (this " Agreement ") is dated as of July 20, 2010 between InspireMD Ltd., a corporation formed under the laws of the State of Israel (the " Company "), and each of the entities and persons identified on the signature pages hereto (including their successors and assigns, each a " Purchaser " and collectively " Purchasers ").

WHEREAS, subject to the terms and conditions set forth in this Agreement and pursuant to Section 4(2) of the Securities Act of 1933, as amended (the " Securities Act "), and Rule 506 promulgated thereunder, the Company desires to issue and sell to each Purchaser, and each Purchaser desires to purchase from the Company, securities of the Company as more fully described in this Agreement.

NOW, THEREFORE, IN CONSIDERATION of the mutual covenants contained in this Agreement, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each Purchaser agree as follows:

ARTICLE I.
DEFINITIONS

1.1 Definitions . In addition to the terms defined elsewhere in this Agreement: (a) capitalized terms that are not otherwise defined herein have the meanings given to such terms in the Debentures (as defined herein), and (b) the following terms have the meanings set forth in this Section 1.1:

" Action " shall have the meaning ascribed to such term in Section 3.1(j).

" Advisor " means Harborview Advisors, LLC, a New Jersey limited liability company and exclusive consultant to the Company.

" Affiliate " means any Person that, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with a Person, as such terms are used in and construed under Rule 405 under the Securities Act. With respect to a Purchaser, any investment fund or managed account that is managed on a discretionary basis by the same investment manager as such Purchaser will be deemed to be an Affiliate of such Purchaser.

" Audit Default " shall have the meaning set forth in Section 4.14.

" Audited Financial Statements " shall have the meaning set forth in Section 4.14.

" Board of Directors " means the board of directors of the Company.

" Business Day " means any day except any Friday, Saturday, Sunday, or any day which is a holiday in the State of Israel or sabbatical day under Israeli law, federal legal holiday in the United States or any day on which banking institutions in the State of New York or State of Israel are authorized or required by law or other governmental action to close.

" Closing " means the closing of the purchase and sale of the Securities pursuant to Section 2.1.

" Closing Date " means the Business Day when all of the Transaction Documents have been executed and delivered by the applicable parties thereto, and all conditions precedent to (i) the Purchasers' obligations to pay the Purchase Price and (ii) the Company's obligations to deliver the Securities have been satisfied or waived, including without limitation the Company's written acceptance of the subscriptions as set forth in Section 2.1.

" Commission " means the Securities and Exchange Commission.

" Company Counsel " means Haynes and Boone, LLP, maintaining an address at 1221 Avenue of the Americas, 26 th Floor, New York, NY 10020-1007, Attention: Rick Werner, Esq., telephone: (212) 659-4974, facsimile: (212) 884-8234.

" Debentures " means the 8% Senior Convertible Debentures to be issued by the Company to the Purchasers hereunder, in the form of Exhibit A attached hereto.

" Disclosure Schedules " shall have the meaning ascribed to such term in Section 3.1.

" Escrow Agent " means Grushko & Mittman, P.C., maintaining an address at 515 Rockaway Avenue, Valley Stream, NY 11581, Attention: Edward M. Grushko, Esq., telephone: (212) 697-9500, facsimile: (212) 697-3575.

" Escrow Agreement " entered into among the Company, Purchasers and the Escrow Agent in the form of Exhibit B attached hereto.

" Event of Default " shall have the meaning ascribed thereto in the Debenture.

" Exchange Act " means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

" Exclusivity Period " shall have the meaning ascribed to such term in Section 4.2.

" GAAP " shall have the meaning ascribed to such term in Section 3.1(h).

" G&M " means Grushko & Mittman, P.C., maintaining an address at 515 Rockaway Avenue, Valley Stream, NY 11581, Attention: Edward M. Grushko, Esq., telephone: (212) 697-9500, facsimile: (212) 697-3575, counsel to the Purchaser.

" Indebtedness " shall have the meaning ascribed to such term in Section 3.1(q).

" Intellectual Property Rights " shall have the meaning ascribed to such term in Section 3.1(n).

" Liens " means a lien, charge, security interest or encumbrance, right of first refusal, preemptive right or other restriction.

" Majority in Interest " shall have the meaning assigned to such term in Section 5.5.

" Material Adverse Effect " shall have the meaning assigned to such term in Section 3.1(b).

" Material Permits " shall have the meaning ascribed to such term in Section 3.1(m).

" Maximum Rate " shall have the meaning ascribed to such term in Section 5.17.

" Merger " means the exchange of shares and options among the Company's current shareholders and option holders and Pubco pursuant to the Merger Agreement and the timely submission of all applicable filings with state and regulatory authorities required for the closing of such transaction.

" Merger Agreement " means the Agreement among the Company's current shareholders and option holders and Pubco to effectuate the Merger. The Merger Agreement will contain customary representations and warranties for a transaction of this type in which an Israeli company is a party, including the representations warranties and covenants to be made by Pubco on the closing date of the Merger and substantially on the terms set forth in a term sheet attached hereto as Exhibit C .

" Ordinary Shares " means the ordinary shares of the Company, par value NIS 0.01 per share and any other class of securities into which such securities may hereafter be reclassified or changed into.

" Ordinary Share Equivalents " means any securities of the Company that would entitle the holder thereof to acquire at any time Ordinary Shares pursuant to their terms of issuance, including, without limitation, any debt, preferred stock, rights, options, warrants or other instrument that is convertible into or exercisable or exchangeable for, or otherwise entitles the holder thereof to receive, Ordinary Shares.

" Person " means an individual or corporation, partnership, trust, incorporated or unincorporated association, joint venture, limited liability company, joint stock company, government (or an agency or subdivision thereof) or other entity of any kind.

" PIPE Financing " means that certain private placement offering pursuant to Section 4(2) of the Securities Act, and Rule 506 promulgated thereunder, of Units of Pubco's securities corresponding to net cash proceeds to Pubco (after repayment of any Debentures that are not converted into shares of Pubco Common Stock as part of the PIPE Financing and all deductions and commissions and payments to service providers and any party involved in the Merger, PIPE Financing and transactions contemplated under the Transaction Documents) of at least Seven Million Five Hundred Thousand Dollars ($7,500,000) and up to Ten Million Dollars ($10,000,000) to close concurrently with the Merger. Such Units shall be comprised of shares of Pubco Common Stock at a pre-money valuation of Pubco of not less than Seventy Million Dollars ($70,000,000) and warrants to purchase up to 5,000,000 shares of Pubco Common Stock as described on the Term Sheet. The PIPE Financing shall not include the Purchase Price defined below.

" Proceeding " means an action, claim, suit, investigation or proceeding (including, without limitation, an informal investigation or partial proceeding, such as a deposition), whether commenced or threatened.

" Purchase Price " shall mean the aggregate of One Million Five Hundred Eighty Thousand Dollars ($1,580,000) payable by the Purchasers for an aggregate of a like amount of Debenture principal and Warrants issued at the rate of one Warrant to purchase one Warrant Share for each Twelve Dollars ($12.00) of Purchase Price.

" Purchaser Party " shall have the meaning ascribed to such term in Section 4.7.

" Pubco " means to be identified publicly traded company listed on the OTC Bulletin Board and currently reporting under the Exchange Act.

" Pubco Common Stock " means the class of Common Stock of Pubco, and any other class of securities into which such securities may hereafter be reclassified or changed.

" Rule 144 " means Rule 144 promulgated by the Commission pursuant to the Securities Act, as such Rule may be amended from time to time, or any similar rule or regulation hereafter adopted by the Commission having substantially the same effect as such Rule.

" Securities " means the Debentures, Warrants and Warrant Shares.

" Securities Act " means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

" Subsidiary " means any subsidiary of the Company as set forth on Schedule 3.1(a) and shall, where applicable, include any direct or indirect subsidiary of the Company formed or acquired after the date hereof.

" Tax Ruling " shall have the meaning ascribed to such term in Section 4.11.

" Term Sheet " means the Term Sheet annexed hereto as Exhibit C describing the terms of the transactions with Pubco.

" Transaction Documents " means this Agreement, the Debentures, the Warrants, all exhibits and schedules thereto and hereto and any other documents or agreements executed in connection with the transactions contemplated hereunder.

" Underlying Securities " means the Ordinary Shares issued and issuable upon conversion of the Debentures and securities issuable in connection with the Merger, as the case may be.

" Units " means the Pubco Common Stock and Pubco Common Stock purchase warrants sold to investors in the PIPE Financing.

" Warrants " means collectively the Ordinary Share purchase warrants, in the form of Exhibit D to be delivered to the Purchasers at the Closing in accordance with Section 2.2(a) hereof in the ratio of One Warrant each to purchase one Warrant Share for each Twelve Dollars and sixty four cents ($12.64) of Purchase Price.

" Warrant Shares " means all of the Ordinary Shares issuable upon exercise of the Warrants at all times.

ARTICLE II.
PURCHASE AND SALE

2.1 Closing . On the Closing Date, upon the terms and subject to the conditions set forth herein, substantially concurrent with the execution and delivery of this Agreement by the parties hereto, the Company agrees to sell, and the Purchasers agree to purchase in the aggregate, for the Purchase Price of One Million Five Hundred Eighty Thousand Dollars ($1,580,000) in principal amount of the Debentures. The Purchasers shall deliver to the Escrow Agent, via wire transfer or a certified check, immediately available funds equal to the Purchase Price and the Company shall deliver to the Escrow Agent the Purchasers' Debentures, as determined pursuant to Section 2.2(a), and the Company and each Purchaser shall deliver the other items set forth in Section 2.2 deliverable at the Closing. Upon satisfaction of the conditions set forth in Sections 2.2 and 2.3, and receipt and acceptance of the Purchase Price the Closing shall occur at the offices of G&M or such other location as the parties shall mutually agree.

2.2 Deliveries .

(a) On the Closing Date, the Company shall deliver or cause to be delivered to each Purchaser the following:

(i) this Agreement duly executed by the Company;

(ii) an opinion of Company Counsel, and/or other counsel acceptable to the Purchaser, in substantially the form of Exhibit E;

(iii) a Debenture with a principal amount equal to such Purchaser's Purchase Price, registered in the name of such Purchaser;

(iv) a Warrant registered in the name of such Purchaser to purchase Ordinary Shares in the amount set forth on the signature pages hereto; and

(v) the Escrow Agreement duly executed by the Company.

(vi) A certificate from an officer of the Company certifying that the approval by the Company's Board of Directors of the execution and delivery of this Agreement and any and all of the Company's obligations hereunder and the approval by the Company's Shareholders Meeting of the execution and delivery of this Agreement and any and all of the Company's obligations hereunder

(b) On the Closing Date, each Purchaser shall deliver or cause to be delivered to the Company the following:

(i) this Agreement duly executed by such Purchaser;

(ii) such Purchaser's Purchase Price by wire transfer to the account as specified in the Escrow Agreement; and

(iii) the Escrow Agreement duly executed by such Purchaser.

2.3 Closing Conditions .

(a) The obligations of the Company hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects on the Closing Date of the representations and warranties of the Purchasers contained herein;

(ii) all obligations, covenants and agreements of the Purchasers required to be performed at or prior to the Closing Date shall have been performed;

(iii) Company's written acceptance of subscriptions referenced in Section 2.1, which acceptance shall be at the sole discretion of the Company;

(iv) the delivery by the Purchasers of the items set forth in Section 2.2(b) of this Agreement, including the transfer to the Company of the entire Purchase Price;

(v) the approval by the Company's Board of Directors of the execution and delivery of this Agreement and any and all of the Company's obligations hereunder; and

(vi) the approval by the Company's Shareholders Meeting of the execution and delivery of this Agreement and any and all of the Company's obligations hereunder.

(b) The respective obligations of the Purchasers hereunder in connection with the Closing are subject to the following conditions being met:

(i) the accuracy in all material respects when made and on the Closing Date of the representations and warranties of the Company contained herein;

(ii) all obligations, covenants and agreements of the Company required to be performed at or prior to the Closing Date shall have been performed; and

(iii) the delivery by the Company of the items set forth in Section 2.2(a) of this Agreement.

ARTICLE III.
REPRESENTATIONS AND WARRANTIES

3.1 Representations and Warranties of the Company . Except as set forth in the disclosure schedules attached hereto (the " Disclosure Schedules "), which Disclosure Schedules shall be deemed a part hereof and shall qualify any representation or warranty made herein to the extent of the disclosure contained in the corresponding section of the Disclosure Schedules, provided the disclosures in any section or subsection of the Disclosure Schedules shall qualify only the corresponding section or subsection in this Article III, the Company hereby makes the following representations and warranties to the Purchaser on the Closing Date:

(a) Subsidiaries . All of the direct and indirect subsidiaries of the Company are set forth on Schedule 3.1(a) . The Company owns, directly or indirectly, all of the capital stock or other equity interests of each Subsidiary free and clear of any Liens, and all of the issued and outstanding shares of capital stock of each Subsidiary are validly issued and are fully paid, non-assessable and free of preemptive and similar rights to subscribe for or purchase securities.

(b) Organization and Qualification . The Company and each of the Subsidiaries is an entity duly incorporated or otherwise organized, validly existing under the laws of the jurisdiction of its incorporation or organization (as applicable), with the requisite power and authority to own and use its properties and assets and to carry on its business as currently conducted. Neither the Company nor any Subsidiary is in violation or default of any of the provisions of its respective certificate or articles of incorporation, bylaws or other organizational or charter documents. Each of the Company and the Subsidiaries is duly qualified to conduct business as a foreign corporation or other entity in each jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, except where the failure to be so qualified or in good standing, as the case may be, could not have or reasonably be expected to result in (i) a material adverse effect on the legality, validity or enforceability of any Transaction Document, (ii) a material adverse effect on the results of operations, assets, business, or condition (financial or otherwise) of the Company and the Subsidiaries, taken as a whole, (iii) a material adverse effect on the Company's ability to perform in any material respect on a timely basis its obligations under any Transaction Document, (iv) a material adverse effect on the Company's ability to consummate the Merger or the PIPE Financing in any material respect during the Exclusivity Period, or (v) the occurrence of an Event of Default (as defined in the Debenture) (any of (i), (ii), (iii), (iv) or (v), a " Material Adverse Effect ") and, to the knowledge of the Company, no Proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing or seeking to revoke, limit or curtail such power and authority or qualification.

(c) Authorization; Enforcement . The Company has the requisite corporate power and authority to enter into and to consummate the transactions contemplated by each of the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of each of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by all necessary action on the part of the Company and no further action is required by the Company, the Board of Directors or the Company's stockholders in connection therewith. Each Transaction Document has been (or upon delivery will have been) duly executed by the Company and, when delivered in accordance with the terms hereof and thereof, will constitute the valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(d) No Conflicts . Except as set forth on Schedule 3.1(d), the execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the other transactions contemplated hereby and thereby do not and will not: (i) conflict with or violate any provision of the Company's or any Subsidiary's certificate or articles of incorporation, bylaws or other organizational or charter documents, or (ii) conflict with, or constitute a default (or an event that with notice or lapse of time or both would become a default) under, result in the creation of any Lien upon any of the properties or assets of the Company or any Subsidiary except as created by the Transaction Documents, or give to others any rights of termination, amendment, acceleration or cancellation (with or without notice, lapse of time or both) of, any agreement, credit facility, debt or other instrument (evidencing a Company or Subsidiary debt or otherwise) or other understanding to which the Company or any Subsidiary is a party or by which any property or asset of the Company or any Subsidiary is bound or affected, or (iii) conflict with or result in a violation of any law, rule, regulation, order, judgment, injunction, decree or other restriction of any court or governmental authority to which the Company or a Subsidiary is subject (including federal and state securities laws and regulations), or by which any property or asset of the Company or a Subsidiary is bound or affected; except in the case of each of clauses (ii) and (iii), such as could not have or reasonably be expected to result in a Material Adverse Effect.

(e) Filings, Consents and Approvals . The Company is not required to obtain any consent, waiver, authorization or order of, give any notice to, or make any filing or registration with, any court or other governmental authority or other Person in connection with the execution, delivery and performance by the Company of the Transaction Documents, other than the filing of Form D with the Commission and such filings as are required to be made under applicable state securities laws.

(f) Issuance of the Securities . The Securities are duly authorized and, when issued and paid for in accordance with the applicable Transaction Documents, will be duly and validly issued, fully paid and nonassessable, free and clear of all Liens imposed by the Company other than restrictions on transfer provided for in the Transaction Documents. The Securities, when issued in accordance with the terms of the Transaction Documents, will be validly issued, fully paid and nonassessable, free and clear of all Liens other than restrictions on transfer provided for in the Transaction Documents.

(g) Capitalization . The capitalization of the Company is as set forth on Schedule 3.1(g) . No Person has any right of first refusal, preemptive right, right of participation, or any similar right to participate in the transactions contemplated by the Transaction Documents. Except as set forth in Schedule 3.1(g) , as a result of the purchase and sale of the Securities, there are no outstanding options, warrants, scrip rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities, rights or obligations convertible into or exercisable or exchangeable for, or giving any Person any right to subscribe for or acquire, any Ordinary Shares or Ordinary Share Equivalents, or contracts, commitments, understandings or arrangements by which the Company or any Subsidiary is or may become bound to issue additional Ordinary Shares or Ordinary Share Equivalents. The issuance and sale of the Securities will not obligate the Company to issue Ordinary Shares or Ordinary Share Equivalents or other securities to any Person (other than the Debentures and Warrants to the Purchasers) and will not result in a right of any holder of Company securities to adjust the exercise, conversion, exchange or reset price under any of such securities. No further approval or authorization of any stockholder, the Board of Directors or other Person is required for the issuance and sale of the Securities.

(h) Financial Statements . Schedule 3.1(h) attached hereto contains: (a) the unaudited balance sheet of the Company (the " Company Balance Sheet ") at December 31, 2009 (the " Company Balance Sheet Date "), (b) related statements of operations and cash flows for the period from January 1, 2009 through December 31, 2009 (the " Company Interim Financial Statements " and together with the Company Balance Sheet, the " Company Financial Statements "; and (c) trial balance for May 31, 2010). The Company Financial Statements have been prepared in accordance with generally accepted accounting principles in the United States of America (" GAAP ") applied on a consistent basis throughout the periods covered thereby fairly present the financial condition, results of operations and cash flows of the Company and the Subsidiaries as of the respective dates thereof and for the periods referred to therein and are consistent with the books and records of the Company and the Subsidiaries, except as may be otherwise specified in such financial statements or the notes thereto.

(i) Material Changes . Since the Company Balance Sheet Date, (i) there has been no event, occurrence or development that has had or that could reasonably be expected to result in a Material Adverse Effect, (ii) the Company has not incurred any liabilities (contingent or otherwise) other than (A) trade payables and accrued expenses incurred in the ordinary course of business consistent with past practice, (B) liabilities not reflected in the Company's financial statements pursuant to GAAP that are less than $100,000 in the aggregate and (C) except as set forth in Schedule 3.1(i) , (iii) the Company has not altered its method of accounting and (iv) except as set forth on Schedule 3.1 (i) , the Company has not declared or made any dividend or distribution of cash or other property to its stockholders or purchased, redeemed or made any agreements to purchase or redeem any Ordinary Shares or Ordinary Shares Equivalents.

(j) Litigation . Other than as set forth on Schedule 3.1(j) , there is no action, suit, inquiry, notice of violation, or investigation pending or, to the knowledge of the Company, threatened against or affecting the Company, any Subsidiary or any of their respective properties before or by any court, arbitrator, governmental or administrative agency or regulatory authority (federal, state, county, local or foreign) (collectively, an " Action ") or Proceeding which could, if there were an unfavorable decision, have or reasonably be expected to result in a Material Adverse Effect.

(k) Labor Relations . No material labor dispute exists or, to the knowledge of the Company, is imminent with respect to any of the employees of the Company which could reasonably be expected to result in a Material Adverse Effect. No executive officer, to the knowledge of the Company, is in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement or non-competition agreement, or any other contract or agreement or any restrictive covenant in favor of any third party, and the continued employment of each such executive officer does not subject the Company or any of its Subsidiaries to any liability with respect to any of the foregoing matters.

(l) Compliance . Neither the Company nor any Subsidiary (i) is in default under or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), (ii) is in violation of any order of any court, arbitrator or governmental body, or (iii) is or has been in violation of any statute, rule or regulation of any governmental authority, including without limitation all laws applicable to its business and all such laws that affect the environment, except in each case as could not have or reasonably be expected to result in a Material Adverse Effect.

(m) Regulatory Permits . Except as set forth in Schedule 3.1(m) , the Company and the Subsidiaries possess all certificates, authorizations and permits issued by the appropriate regulatory authorities necessary to conduct their respective businesses, except where the failure to possess such permits could not reasonably be expected to result in a Material Adverse Effect (" Material Permits "), and neither the Company nor any Subsidiary has received any notice of proceedings relating to the revocation or modification of any Material Permit.

(n) Patents and Trademarks . The Company and the Subsidiaries have, or have rights to use, all patents, patent applications, trademarks, trademark applications, service marks, trade names, trade secrets, inventions, copyrights, licenses and other intellectual property rights and similar rights necessary or material for use in connection with their respective businesses within the territories in which the Company distributes its products and which the failure to so have could have a Material Adverse Effect (collectively, the " Intellectual Property Rights "). Neither the Company nor any Subsidiary has received a notice (written or otherwise) that any of the Intellectual Property Rights used by the Company or any Subsidiary violates or infringes upon the rights of any Person. To the knowledge of the Company, all such Intellectual Property Rights are enforceable and there is no existing infringement by another Person of any of the Intellectual Property Rights. The Company and its Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual properties, except where failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(o) Certain Fees . Except as set forth in Schedule 3.1(o) , no brokerage or finder's fees or commissions are or will be payable by the Company to any broker, financial advisor or consultant, finder, placement agent, investment banker, bank or other Person with respect to the transactions contemplated by the Transaction Documents. The Purchasers shall have no obligation with respect to any fees or with respect to any claims made by or on behalf of other Persons for fees of a type contemplated in this Section that may be due in connection with the transactions contemplated by the Transaction Documents.

(p) Private Placement . Assuming the accuracy of the Purchasers' representations and warranties set forth in Section 3.2, no registration under the Securities Act or any other applicable law rule or regulation is required for the offer and sale of the Securities by the Company to the Purchasers as contemplated hereby.

(q) Solvency . Based on the consolidated financial condition of the Company as of the Closing Date after giving effect to the receipt by the Company of the proceeds from the sale of the Securities hereunder (i) the fair saleable value of the Company's assets exceeds the amount that will be required to be paid on or in respect of the Company's existing debts and other liabilities (including known contingent liabilities) as they mature, (ii) the Company's assets do not constitute unreasonably small capital to carry on its business as now conducted and as proposed to be conducted including its capital needs taking into account the particular capital requirements of the business conducted by the Company, and projected capital requirements and capital availability thereof, and (iii) the anticipated cash flow of the Company, together with the proceeds the Company would receive, were it to liquidate all of its assets, after taking into account all anticipated uses of the cash, would be sufficient to pay all amounts on or in respect of its liabilities when such amounts are required to be paid. Schedule 3.1(q) sets forth as of the date hereof all outstanding secured and unsecured Indebtedness of the Company or any Subsidiary, or for which the Company or any Subsidiary has commitments. For the purposes of this Agreement, " Indebtedness " means (a) any liabilities for borrowed money or amounts owed in excess of $100,000 (other than trade accounts payable incurred in the ordinary course of business), (b) all guaranties, endorsements and other contingent obligations in respect of indebtedness of others in excess of $100,000, whether or not the same are or should be reflected in the Company's balance sheet (or the notes thereto), except guaranties by endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business; and (c) the present value of any lease payments in excess of $100,000 due under leases required to be capitalized in accordance with GAAP. Neither the Company nor any Subsidiary is in default with respect to any Indebtedness.

(r) Tax Status . Except for matters that would not, individually or in the aggregate, have or reasonably be expected to result in a Material Adverse Effect, the Company and each Subsidiary has filed all necessary applicable tax returns and has paid or accrued all taxes shown as due thereon, and the Company has no knowledge of a tax deficiency which has been asserted or threatened against the Company or any Subsidiary.

(s) Seniority . Except as set forth on Schedule 3.1(s) , and subject to the Israeli laws of liquidation, insolvency, receivership and bankruptcy, as of the Closing Date, no Indebtedness or other claim against the Company is senior to, the Debentures in right of payment, whether with respect to interest, or otherwise, other than indebtedness secured by purchase money security interests (which is senior only as to underlying assets covered thereby) and capital lease obligations (which is senior only as to the property covered thereby).

(t) No General Solicitation . Neither the Company nor any person acting on behalf of the Company has offered or sold any of the Securities by any form of general solicitation or general advertising. The Company has offered the Securities for sale only to the Purchasers and certain other "accredited investors" within the meaning of Rule 501 under the Securities Act.

3.2 Representations and Warranties of the Purchaser . The Purchaser represents and warrants as of the date hereof and as of the Closing Date to the Company as follows:

(a) Organization; Authority . The Purchaser is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization with full right, corporate or partnership power and authority to enter into and to consummate the transactions contemplated by the Transaction Documents and otherwise to carry out its obligations hereunder and thereunder. The execution and delivery of the Transaction Documents and performance by the Purchaser of the transactions contemplated by the Transaction Documents have been duly authorized by all necessary corporate or similar action on the part of the Purchaser. Each Transaction Document to which it is a party has been duly executed by the Purchaser, and when delivered by the Purchaser in accordance with the terms hereof, will constitute the valid and legally binding obligation of the Purchaser, enforceable against it in accordance with its terms, except (i) as limited by general equitable principles and applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, (ii) as limited by laws relating to the availability of specific performance, injunctive relief or other equitable remedies and (iii) insofar as indemnification and contribution provisions may be limited by applicable law.

(b) Own Account . The Purchaser understands that the Securities are "restricted securities" and have not been registered under the Securities Act or any applicable state securities law and is acquiring the Securities as principal for its own account and not with a view to or for distributing or reselling such Securities or any part thereof in violation of the Securities Act or any applicable state securities law, has no present intention of distributing any of such Securities in violation of the Securities Act or any applicable state securities law and has no direct or indirect arrangement or understandings with any other persons to distribute or regarding the distribution of such Securities (this representation and warranty not limiting the Purchaser's right to sell the Securities pursuant to a registration statement or otherwise in compliance with applicable federal and state securities laws) in violation of the Securities Act or any applicable state securities law. The Purchaser is acquiring the Securities hereunder in the ordinary course of its business. The undersigned acknowledges that (i) the Securities will be issued pursuant to applicable exemptions from registration under the Securities Act and any applicable state securities laws, and (ii) the Securities have not been registered under the Securities Act, in reliance on the exemption from registration provided by Section 4(2) thereof. In connection therewith, the undersigned hereby covenants and agrees that it will not offer, sell, or otherwise transfer the Securities unless and until such Securities are registered pursuant to the Securities Act and the laws of all jurisdictions which in the reasonable opinion of the Company may be applicable or pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the relevant securities laws

(c) Purchaser Status . At the time the Purchaser was offered the Securities, it was, and at the date hereof it is, and on each date on which it converts any Debentures it will be either: (i) an "accredited investor" as defined in Rule 501(a)(1), (a)(2), (a)(3), (a)(7) or (a)(8) under the Securities Act or (ii) a "qualified institutional buyer" as defined in Rule 144A(a) under the Securities Act. The Purchaser is not required to be registered as a broker-dealer under Section 15 of the Exchange Act.

(d) Experience of the Purchaser . The Purchaser, either alone or together with its representatives, has such knowledge, sophistication and experience in business and financial matters so as to be capable of evaluating the merits and risks of the prospective investment in the Securities, and has so evaluated the merits and risks of such investment. The Purchaser has had the opportunity to ask questions and obtain information necessary to make an investment decision. To the extent the undersigned has taken advantage of such opportunity, they have received satisfactory answers concerning the purchase of the Securities. The Purchaser understands that the offer and sale of the Securities is being made only by means of this Agreement. The Purchaser understands that the Company has not authorized the use of, and the Purchaser confirms that the Purchaser is not relying upon any other information, written or oral, other than material contained in this Agreement and the Transaction Documents. The Purchaser is able to bear the economic risk of an investment in the Securities and, at the present time, is able to afford a complete loss of such investment and its financial condition is such that it has no need for liquidity with respect to its investment in the Securities to satisfy any existing or contemplated undertaking or indebtedness. The Purchaser has discussed with its professional, legal, tax and financial advisers the suitability of an investment in the Company by the undersigned for its particular tax and financial situation. All information that the undersigned has provided to the Company concerning itself and its financial position is correct and complete as of the date set forth below, and if there should be any material change in such information, the undersigned will immediately provide such information to the Company.

(e) General Solicitation . The Purchaser is not purchasing the Securities as a result of any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general solicitation or general advertisement.

(f) Reliance. The Purchasers acknowledge that the Company will be relying on the foregoing representations and warranties in making a determination as to the availability of federal and state securities laws exemptions. The Company acknowledges and agrees that each Purchaser does not make or has not made any representations or warranties with respect to the transactions contemplated hereby other than those specifically set forth in this Section 3.2.

ARTICLE IV.
OTHER AGREEMENTS OF THE PARTIES

4.1 Transfer Restrictions .

(a) The Securities may only be disposed of in compliance with state and federal securities laws. In connection with any transfer of Securities other than pursuant to an effective registration statement or Rule 144, to the Company or to an Affiliate of the Purchaser, in connection with the Merger, or in connection with a pledge as contemplated in Section 4.1(b), the Company may require the transferor thereof to provide to the Company an opinion of counsel selected by the transferor and reasonably acceptable to the Company, the form and substance of which opinion shall be reasonably satisfactory to the Company, to the effect that such transfer does not require registration of such transferred Securities under the Securities Act. As a condition of transfer, any such transferee shall agree in writing to be bound by the terms of this Agreement and shall have the rights of a Purchaser under this Agreement.

(b) The Purchasers agree to the imprinting, so long as is required by this Section 4.1, of a legend on any of the Securities in the following form:

[NEITHER] THIS SECURITY [NOR THE SECURITIES INTO WHICH THIS SECURITY IS [EXERCISABLE] [CONVERTIBLE]] HAS [NOT] BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION OR THE SECURITIES COMMISSION OF ANY STATE IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OR PURSUANT TO AN AVAILABLE EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS AS EVIDENCED BY A LEGAL OPINION OF COUNSEL TO THE TRANSFEROR TO SUCH EFFECT, THE SUBSTANCE OF WHICH SHALL BE REASONABLY ACCEPTABLE TO THE COMPANY. EXCEPT AS OTHERWISE PROVIDED IN THE COMPANY'S ARTICLES OF ASSOCIATION, AS SHALL BE AMENDED FROM TIME TO TIME, REGARDING RESTRICTIONS ON TRANSFERABILITY OF THE COMPANY'S SHARES AND OTHER SECURITIES THIS SECURITY [AND THE SECURITIES ISSUABLE UPON [EXERCISE] [CONVERSION] OF THIS SECURITY] MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN SECURED BY SUCH SECURITIES.

Except as otherwise provided in the Company's articles of association, as shall be amended from time to time, regarding restrictions on transferability of the Company's shares and other securities, the Company acknowledges and agrees that a Purchaser may from time to time pledge pursuant to a bona fide margin agreement with a registered broker-dealer or grant a security interest in some or all of the Securities to a financial institution that is an "accredited investor" as defined in Rule 501(a) under the Securities Act and who agrees to be bound by the provisions of this Agreement and, if required under the terms of such arrangement, the Purchaser may transfer pledged or secured Securities to the pledgees or secured parties. Such a pledge or transfer would not be subject to approval of the Company and no legal opinion of legal counsel of the pledgee, secured party or pledgor shall be required in connection therewith. Further, subject to the aforesaid, no notice shall be required of such pledge. At the Purchaser's expense, the Company will execute and deliver such reasonable documentation as a pledgee or secured party of Securities may reasonably request in connection with a pledge or transfer of the Securities.

4.2 Merger and PIPE Financing . The Company has not, and hereby covenants that from and after the Closing Date, and until the later of (i) 90 days following receipt of a favorable Tax Ruling and (ii) 45 days following the delivery to the Purchasers of the Audited Financial Statements (the " Exclusivity Period "), the Company will not incur any indebtedness or Liens except with respect to bank loans or bank credit lines or in the ordinary course of business consistent with past practices.

4.3 Integration . From and after the Closing Date, and until expiration of the Exclusivity Period, the Company shall not sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in Section 2 of the Securities Act) that would be integrated with the offer or sale of the Securities to the Purchasers in a manner that would require the registration under the Securities Act of the sale of the Securities to the Purchasers, nor enter into any purchase, sale, merger or business combination transaction pursuant to which the business of another Person is combined with that of the Company, in whatever form, or enter into any other agreement or series of related agreements (including, without limitation, joint venture, sale of assets, license agreement, distribution agreement, etc.) or enter into any other transaction that would preclude the consummation of the PIPE Financing and the closing of the Merger, without the prior written consent of the Advisor and the holders of a majority in principal amount outstanding of the Debentures.

4.4 Conversion . The Debentures set forth the totality of the procedures required of the Purchasers in order to convert the Debentures into Ordinary Shares or other securities in connection with the Merger, as the case may be. Subject to US securities laws, no additional legal opinion or other information or instructions shall be required of the Purchasers to convert their Debentures. The Company shall honor conversions of the Debentures and shall deliver Underlying Securities in accordance with the terms, conditions and time periods set forth in the Transaction Documents and Merger Agreement.

4.5 Publicity . The Company and the Advisor shall consult with each other in issuing any press releases with respect to the transactions contemplated hereby, and neither the Company nor any Advisor shall issue any such press release or otherwise make any such public statement without the prior consent of the Company, with respect to any press release of Advisor or Purchaser, or without the prior consent of the Advisor, with respect to any press release of the Company, which consent shall not unreasonably be withheld or delayed, except if such disclosure is required by law, in which case the disclosing party shall promptly provide the other party with prior notice of such public statement or communication.

4.6 Use of Proceeds . The Company shall use the net proceeds from the sale of the Securities hereunder for working capital purposes.

4.7 Indemnification of Purchasers . Subject to the provisions of this Section 4.7, the Company will indemnify and hold each Purchaser and their directors, officers, stockholders, members, partners, employees and agents (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title), each Person who controls the Purchaser (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act), and the directors, officers, stockholders, agents, members, partners or employees (and any other Persons with a functionally equivalent role of a Person holding such titles notwithstanding a lack of such title or any other title) of such controlling person (each, a " Purchaser Party ") harmless from any and all losses, liabilities, obligations, claims, contingencies, damages, costs and expenses, including all judgments, amounts paid in settlements, court costs and reasonable attorneys' fees and costs of investigation that any such Purchaser Party may suffer or incur as a result of or relating to (a) any breach of any of the representations, warranties, covenants or agreements made by the Company in this Agreement or in the other Transaction Documents or (b) any action instituted against a Purchaser Party in any capacity, or any of them or their respective Affiliates, by any stockholder of the Company who is not an Affiliate of such Purchaser Party, with respect to any of the transactions contemplated by the Transaction Documents (unless such action is based upon a breach of the Purchaser Party's representations, warranties or covenants under the Transaction Documents or any agreements or understandings the Purchaser Party may have with any such stockholder or any violations by the Purchaser Party of state or federal securities laws or any conduct by the Purchaser Party which constitutes fraud, negligence, willful misconduct or malfeasance). If any action shall be brought against any Purchaser Party in respect of which indemnity may be sought pursuant to this Agreement, such Purchaser Party shall promptly notify the Company in writing, and the Company shall have the right to assume the defense thereof with counsel of its own choosing reasonably acceptable to the Purchaser Party. Any Purchaser Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Purchaser Party except to the extent that (i) the employment thereof has been specifically authorized by the Company in writing, (ii) the Company has failed after a reasonable period of time to assume such defense and to employ counsel or (iii) in such action there is, in the reasonable opinion of such separate counsel, a material conflict on any material issue between the position of the Company and the position of such Purchaser Party, in which case the Company shall be responsible for the reasonable fees and expenses of no more than one such separate counsel. The Company will not be liable to any Purchaser Party under this Agreement (i) for any settlement by a Purchaser Party effected without the Company's prior written consent, which shall not be unreasonably withheld or delayed; or (ii) to the extent, but only to the extent that a loss, claim, damage or liability is attributable to any Purchaser Party's breach of any (x) of the representations, warranties, covenants or agreements made by such Purchaser Party in this Agreement or in the other Transaction Documents; or (y) agreement, understanding or arrangement with any third party.

4.8 Equal Treatment of Purchasers . No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of any of the Transaction Documents unless the same consideration is also offered to all of the parties to the Transaction Documents. Further, the Company shall not make any payment of principal or interest on the Debentures in amounts which are disproportionate to the respective principal amounts outstanding on the Debentures at any applicable time. For clarification purposes, this provision constitutes a separate right granted to the Purchaser by the Company and negotiated separately by the Purchaser, and is intended for the Company to treat the Purchasers as a class and shall not in any way be construed as the Purchasers acting in concert or as a group with respect to the purchase, disposition or voting of Securities or otherwise.

4.9 Form D; Blue Sky Filings . The Company agrees to timely file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof to the Purchaser upon filing. The Company shall take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for, or to qualify the Securities for, sale to the Purchasers at the Closing under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of such actions promptly upon request of any Purchaser.

4.10 Preservation of Corporate Existence . The Company shall preserve and maintain its corporate existence, rights, privileges and franchises in the jurisdiction of its incorporation, and qualify and remain qualified, as a foreign corporation in each jurisdiction in which such qualification is necessary in view of its business or operations and where the failure to qualify or remain qualified might reasonably have a Material Adverse Effect.

4.11 Tax Ruling . The Company agrees to use commercially reasonable efforts to expeditiously obtain a ruling on behalf of its shareholders and option holders (the " Tax Ruling ") from the Israeli Tax Authority that the issuance of Pubco securities in exchange for Company securities held by Company shareholders and option holders upon the closing of the Merger shall constitute a deferred tax event for the Company and/or its shareholders and option holders and shall not obligate them to pay any amounts prior to receiving actual funds resulting from sale of Pubco's securities as a result of such exchange.

4.12 Bankruptcy . Purchasers agree that they shall not initiate an involuntary bankruptcy proceeding or insolvency proceeding against the Company by virtue of the Company's failure to satisfy its non-payment of Debenture principal or interest or a money judgment obtained in connection with the non-payment of Debenture principal or interest.

4.13 Merger Approval . The Company will use its commercially reasonable efforts to obtain the consent of its shareholders to the Merger. Provided that Ofir Paz and Asher Holzer vote their Ordinary Shares in favor of the Merger, it shall not be a default by Company or an Event of Default as defined in the Debenture if fewer than 80% of Company's shareholders do not approve the Merger, in which case, the Company may elect not to close the Merger and in such case the Purchasers or anyone acting on their behalf shall not have any demand, claim or right against the Company, its shareholders, officers, directors, employees, advisors and representatives as a result of the failure to obtain such approval.

4.14 Audits . The Company undertakes to obtain audits of its financial statements sufficient to be filed with the Commission on a Form 10 (the " Audited Financial Statements ") no later than the later of: (i) six (6) months following the Closing; or (ii) two (2) months after the receipt of a favorable Tax Ruling. Failure to timely obtain such audits shall be an " Audit Default ."

4.15 Access to Records . From and after the occurrence of an Event of Default and until the time the Company becomes subject to the reporting provisions of the Exchange Act, the Company shall furnish to each Purchaser that holds Securities, or any of its duly authorized representatives, attorneys or accountants reasonable access to any and all records at the premises of the Company where such records are kept, such access being afforded without charge, but only upon reasonable request stating the purpose of such request and during normal business hours. Each such Purchaser making such request agrees to request to execute a confidentiality agreement or similar document reasonably requested by the Company.

4.16 Articles of Association . The Company undertakes that it will not amend its Articles of Association if such amendment would materially impair the rights of the Purchasers as holders of the Warrants.

ARTICLE V.
MISCELLANEOUS

5.1 Termination . This Agreement may be terminated by any Purchaser, as to such Purchaser's obligations hereunder only and without any effect whatsoever on the obligations between the Company and the other Purchasers, by written notice to the other parties, if the Closing has not been consummated on or before 5:30 p.m. (New York City time) on July 30 , 2010; provided , however , that such termination will not affect the right of any party to sue for any breach by the other party (or parties).

5.2 Reserved . At the Closing, the Company has agreed to pay in cash to Palladium Capital Advisors LLC ("Palladium") a sum equal to four percent (4%) of the Purchase Price in connection with the Closing (" Palladium Fee "). The Company has further agreed, upon consummation of the PIPE Financing, (a) to pay in cash to Palladium an additional sum equal to four percent (4%) of the Purchase Price of any Debentures that convert into Pubco Common Stock in connection with the PIPE Financing and (b) to issue to Palladium three year warrants to purchase from Pubco an amount of Pubco Common Stock equal to eight percent (8%) of the number of shares of Pubco Common Stock that any Debentures convert into in connection with the PIPE Financing ("Palladium Warrants"). The Palladium Warrants shall have an exercise price of $1.50 per Pubco's share of Common Stock and shall otherwise be identical to the warrants issued in the PIPE Financing. In addition, at the Closing, the Company has agreed to reimburse the Purchasers the non-accountable sum of $15,000 for its legal fees and expenses, such amount to be paid directly to G&M out of escrow ("Purchaser Legal Fees"). Except as expressly set forth in the Transaction Documents to the contrary, each party shall pay the fees and expenses of its advisers, counsel, accountants and other experts, if any, and all other expenses incurred by such party incident to the negotiation, preparation, execution, delivery and performance of this Agreement. The Company shall pay all transfer agent fees, stamp taxes and other taxes and duties levied in connection with the delivery of any Securities to the Purchasers.

5.3 Entire Agreement . The Transaction Documents, together with the exhibits and schedules thereto, contain the entire understanding of the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, oral or written, with respect to such matters, which the parties acknowledge have been merged into such documents, exhibits and schedules.

5.4 Notices . Any and all notices or other communications or deliveries to be provided by the Holder hereunder, shall be in writing and delivered personally, by facsimile, pdf or other electronic delivery, or sent by a nationally recognized overnight courier service, addressed to the Company, at the address set forth below, or such other email address, facsimile number or address as the Company may specify for such purpose by notice to the Holder delivered in accordance with this Section 5.4. Any and all notices or other communications or deliveries to be provided by the Company hereunder shall be in writing and delivered personally, by facsimile, or sent by a nationally recognized overnight courier service addressed to the Holder at the address set forth below. Any notice or other communication or deliveries hereunder shall be deemed given and effective on the earliest of (i) the date of transmission, if such notice or communication is delivered via facsimile or electronic delivery at the facsimile number or email address specified in this Section 5.4 prior to 5:30 p.m. (New York City time), (ii) the Business Day immediately following the date of transmission, if such notice or communication is delivered via facsimile or electronic delivery at the facsimile number or email address specified in this Section 5.4 between 5:30 p.m. (New York City time) and 11:59 p.m. (New York City time) on any date, (iii) the second Business Day following the date of mailing, if sent by nationally recognized overnight courier service, or (iv) upon actual receipt by the party to whom such notice is required to be given.

If to the Company, to:

InspireMD Ltd.
3 Menorat Hamaor St.
Tel Aviv 67448, Israel
Attention: Asher Holzer
Phone: +972 3 6917691
Fax: +972 3 6917692

With a copy (which shall not constitute notice) to:

Haynes and Boone, LLP
1221 Avenue of the Americas, 26 th Floor
New York, NY 10020-1007
Attention: Rick Werner, Esq.
Phone: (212) 659-4974
Fax: (212) 884-8234

If to the Purchasers, to:

The addresses set forth on the signature pages

With a copy (which shall not constitute notice) to:

Edward M. Grushko, Esq.
Grushko & Mittman, P.C.
515 Rockaway Avenue
Valley Stream, New York 11581
(212) 697-9500 - Phone
(212) 697-3575 - Fax
edgrushko@aol.com

5.5 Amendments; Waivers . No provision of this Agreement may be waived, modified, supplemented or amended except in a written instrument signed, in the case of an amendment, by the Company and the Purchasers holding a majority in interest of the Debentures or securities into which the Debentures are converted, and if none of the foregoing are outstanding, then the holders of at least a simple majority of the Warrants and Warrant Shares still held by Purchasers (a " Majority in Interest ") or, in the case of a waiver, by the party against whom enforcement of any such waived provision is sought. No waiver of any default with respect to any provision, condition or requirement of this Agreement shall be deemed to be a continuing waiver in the future or a waiver of any subsequent default or a waiver of any other provision, condition or requirement hereof, nor shall any delay or omission of any party to exercise any right hereunder in any manner impair the exercise of any such right.

5.6 Headings . The headings herein are for convenience only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

5.7 Successors and Assigns . This Agreement shall be binding upon and inure to the benefit of the parties and their successors and permitted assigns. As long as the Debentures have not been converted or repaid, the Company may not assign this Agreement or any rights or obligations hereunder without the prior written consent of a Majority in Interest of the Purchasers, except in connection with the Merger. Except as otherwise provided in the Company's articles of association, as shall be amended from time to time, regarding restrictions on transferability of the Company's shares and other securities, any Purchaser may assign any or all of its rights under this Agreement to any Person to whom such Purchaser assigns or transfers any Securities, provided that such transferee agrees in writing to be bound, with respect to the transferred Securities, by the provisions of the Transaction Documents that apply to the "Purchasers."

5.8 No Third-Party Beneficiaries . This Agreement is intended for the benefit of the parties hereto and their respective successors and permitted assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other Person, except as otherwise set forth in Section 4.7.

5.9 Applicable law. All disputes arising under this Agreement or in connection with the transactions hereunder shall be resolved between the parties in good faith, however, if these efforts fail the dispute shall be resolved in accordance with the laws of the State of Israel excluding that body of law pertaining to conflict of law and any dispute, controversy or claim arising out of or in connection with the Transaction Documents, or the breach, termination or invalidity thereof, shall be submitted to the personal and exclusive jurisdiction of the competent courts in the Tel Aviv Jaffa District, Israel, and all parties hereto irrevocably waive any objection as to venue or "inconvenient forum ."

5.10 Survival . The representations and warranties shall survive the Closing and the delivery of the Securities for the applicable statue of limitations.

5.11 Execution . This Agreement may be executed in two or more counterparts, all of which when taken together shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party, it being understood that both parties need not sign the same counterpart. In the event that any signature is delivered by facsimile transmission or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile or ".pdf" signature page were an original thereof.

5.12 Severability . If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

5.13 Rescission and Withdrawal Right . Notwithstanding anything to the contrary contained in (and without limiting any similar provisions of) any of the other Transaction Documents, whenever any Purchaser exercises a right, election, demand or option under a Transaction Document and the Company does not timely perform its related obligations within the periods therein provided, then such Purchaser may rescind or withdraw, in its sole discretion from time to time upon written notice to the Company, any relevant notice, demand or election in whole or in part without prejudice to its future actions and rights.

5.14 Replacement of Securities . If any certificate or instrument evidencing any Securities is mutilated, lost, stolen or destroyed, the Company shall issue or cause to be issued in exchange and substitution for and upon cancellation thereof (in the case of mutilation), or in lieu of and substitution therefor, a new certificate or instrument, but only upon receipt of evidence reasonably satisfactory to the Company of such loss, theft or destruction. The applicant for a new certificate or instrument under such circumstances shall also pay any reasonable third-party costs (including customary indemnity) associated with the issuance of such replacement Securities.

5.15 Remedies . In addition to being entitled to exercise all rights provided herein or granted by law, including recovery of damages, each of the Purchasers and the Company will be entitled to specific performance under the Transaction Documents. The parties agree that monetary damages may not be adequate compensation for any loss incurred by reason of any breach of obligations contained in the Transaction Documents and hereby agrees to waive and not to assert in any action for specific performance of any such obligation the defense that a remedy at law would be adequate.

5.16 Payment Set Aside . To the extent that the Company makes a payment or payments to any Purchaser pursuant to any Transaction Document or a Purchaser enforces or exercises its rights thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company, a trustee, receiver or any other person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

5.17 Usury . To the extent it may lawfully do so, the Company hereby agrees not to insist upon or plead or in any manner whatsoever claim, and will resist any and all efforts to be compelled to take the benefit or advantage of, usury laws wherever enacted, now or at any time hereafter in force, in connection with any claim, action or proceeding that may be brought by any Purchaser in order to enforce any right or remedy under any Transaction Document. Notwithstanding any provision to the contrary contained in any Transaction Document, it is expressly agreed and provided that the total liability of the Company under the Transaction Documents for payments in the nature of interest shall not exceed the maximum lawful rate authorized under applicable law (the " Maximum Rate "), and, without limiting the foregoing, in no event shall any rate of interest or default interest, or both of them, when aggregated with any other sums in the nature of interest that the Company may be obligated to pay under the Transaction Documents exceed such Maximum Rate. It is agreed that if the maximum contract rate of interest allowed by law and applicable to the Transaction Documents is increased or decreased by statute or any official governmental action subsequent to the date hereof, the new maximum contract rate of interest allowed by law will be the Maximum Rate applicable to the Transaction Documents from the effective date forward, unless such application is precluded by applicable law. If under any circumstances whatsoever, interest in excess of the Maximum Rate is paid by the Company to any Purchaser with respect to indebtedness evidenced by the Transaction Documents, such excess shall be applied by such Purchaser to the unpaid principal balance of any such indebtedness or be refunded to the Company, the manner of handling such excess to be at such Purchaser's election.

5.18 Independent Nature of Purchasers' Obligations and Rights . The obligations of the Purchaser under any Transaction Document are several and not joint with the obligations of any other Purchaser, and no Purchaser shall be responsible in any way for the performance or non-performance of the obligations of any other Purchaser under any Transaction Document. Nothing contained herein or in any other Transaction Document, and no action taken by any Purchaser pursuant thereto, shall be deemed to constitute the Purchasers as a partnership, an association, a joint venture or any other kind of entity, or create a presumption that the Purchasers are in any way acting in concert or as a group with respect to such obligations or the transactions contemplated by the Transaction Documents. Each Purchaser shall be entitled to independently protect and enforce its rights, including without limitation the rights arising out of this Agreement or out of the other Transaction Documents, and it shall not be necessary for any other Purchaser to be joined as an additional party in any proceeding for such purpose. Each Purchaser has been represented by its own separate legal counsel in their review and negotiation of the Transaction Documents. The Company has elected to provide all Purchasers with the same terms and Transaction Documents for the convenience of the Company and not because it was required or requested to do so by the Purchasers.

5.19 Fridays, Saturdays, Sundays, Holidays, etc. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall not be a Business Day, then such action may be taken or such right may be exercised on the next succeeding Business Day.

5.20 Construction . The parties agree that each of them and/or their respective counsel has reviewed and had an opportunity to revise the Transaction Documents and, therefore, the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of the Transaction Documents or any amendments hereto.

5.21 WAIVER OF JURY TRIAL . IN ANY ACTION, SUIT OR PROCEEDING IN ANY JURISDICTION BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY, THE PARTIES EACH KNOWINGLY AND INTENTIONALLY, TO THE GREATEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY ABSOLUTELY, UNCONDITIONALLY, IRREVOCABLY AND EXPRESSLY WAIVES FOREVER TRIAL BY JURY.

5.22 Currency . All references to amounts herein shall be in United States Dollars.

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SIGNATURE PAGES FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

INSPIREMD LTD.

By: _____
Ofir Paz
CEO

ACKNOWLEDGED BY:

HARBORVIEW ADVISORS LLC

By: _____
Name:
Title:

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK
SIGNATURE PAGE FOR PURCHASER FOLLOWS]

[PURCHASER SIGNATURE PAGES TO INSPIREMD LTD. SECURITIES PURCHASE AGREEMENT]

IN WITNESS WHEREOF, the undersigned have caused this Securities Purchase Agreement to be duly executed by their respective authorized signatories as of the date first indicated above.

Name of Purchaser: _____

Signature of Authorized Signatory of Purchaser: _____

Name of Authorized Signatory: _____

Title of Authorized Signatory: _____

Email Address of Purchaser: _____

Facsimile Number of Purchaser: _____

Address for Notice of Purchaser: _____

_____

Address for Delivery of Securities for Purchaser (if not same as address for notice):

_____

_____

Purchase Price: US$ _____

Warrants: _____

EIN Number, if applicable, will be provided under separate cover: _____

Manufacturing Agreement

(1) QualiMed Innovative Medizinprodukte GmbH

(2) Inspire MD Ltd.

Dated S eptember 11 th 2007

Contents

Contents

This Agreement is made on the 11th day of September, 2007

Between:

(1) **QualiMed Innovative Medizinprodukte GmbH** , Boschstr. 16, 21432 Winsen, Germany (" **the Manufacturer** "); and

(2) **Inspire MD Ltd.,** 4 Derech Hashalom St., Tel Aviv, Israel (" **the Company** ").

Background:

The Company and the Manufacturer have agreed that the Manufacturer will manufacture the Product for the Company on the terms and conditions contained in this Agreement.

It is agreed as follows:

1. Definitions and interpretation

1.1 In this Agreement, unless the context otherwise requires, the following words have the following meanings:

" **this Agreement** "	this Agreement (including any schedule or annexure to it and any document in agreed form);
" **the Intellectual Property** "	as defined in clause 5;
" **the Know-How** "	technical information, drawings, designs and other information relating to the Product and its manufacturing;
" **Materials** "	any materials and components required for the manufacturing of the Product;
" **Order** "	Purchase Order provided by the Company to the Manufacturer for a consignment of Products; Order shall specify quantity ordered, delivery address and terms, and delivery date;
" **the Patent Rights** "	shall be All Patent applications filed by the Company to date.
" **the Price** "	as defined in sub-clause 3.1;
" **the Product** "	the product to be manufactured by the Manufacturer for the Company, details of which are set out in the Specification in schedule B to this Agreement ;

" **the Specification** "	the specification of the Product and its components set out in schedule B to this Agreement in accordance with which the Product is to be manufactured; and
" **the Term** "	shall mean the duration of this Agreement under clause 11;

1.2 In this Agreement, unless the context otherwise requires:

(a) words in the singular include the plural and vice versa and words in one gender include any other gender;

(b) the table of contents and headings are for convenience only and shall not affect the interpretation of this Agreement; and

(c) a reference to clauses and schedules are to clauses and schedules of this Agreement and references to sub-clauses and paragraphs are references to sub-clauses and paragraphs of the clause or schedule in which they appear.

2. **Manufacture and supply of Products**

2.1 During the Term the Manufacturer shall promptly and diligently manufacture such numbers of the Products as the Company shall from time to time require in accordance with the Product Specifications and such Order as the Company shall serve on the Manufacturer. Purchase Orders may only be given in minimum quantities of 20 units per Product Type and size. The Company shall place these Orders in accordance with a monthly rolling, twelve month forecast of which the first two months should be binding and the third month should be binding with a tolerance of + / - 10 %. The first month has to be detailed in binding purchases Orders. All purchase orders delivered by the Company shall be acknowledged by Manufacturer in writing.

In accordance with the above, during the first and second months, the Manufacturer shall produce at least a “Minimum Quantity” of Products per each such months. Starting with 500 units per month, which shall be binding on the Company, the Minimum Quantity may be increased, based on binding notifications in advance as follows:

- 3 month in advance for up to 1000 units per month
- 6 month in advance for up to 2000 units per month
- 9 month in advance for up to 4000 units per month

A copy of the production file relevant to the production of the Product shall be provided to the Company at its first demand.

Manufacturer represents and warrants to the Company, that: (i) it does now, and shall at all times during the term it shall maintain at all times the required skill, personnel, equipment and facility required to fulfil its obligations under this Agreement; and (ii) that it is duly licensed to perform its obligations under this Agreement; (iii) to the best of its knowledge, fulfilling its obligations under this Agreement does not infringe on the intellectual property rights of a third party that is not a party to this Agreement;

2.2 The Manufacturer shall in addition to producing the Products to meet an Order manufacture for, and hold in stock, such quantities of components for Products as shall from time to time be agreed in writing between the Company and the Manufacturer. The Manufacturer shall in addition hold in stock such other items as shall be agreed from time to time in writing between the Company and the Manufacturer. Initial quantities of components to be held in stock by Manufacturer are set forth in Schedule C to this Agreement.

Irrespective of the purchase Orders and forecast the Company is bound to purchase as much products as are required to clear the agreed minimum stock in case of termination of this agreement.

2.3 Upon receipt of Product(s) by the Company, Company shall perform acceptance tests to the Product and shall inform Manufacturer of any defects found and manufacturer shall then proceed with the immediate ratification of such defects pursuant to Section 6.2 below.

3. Price, payment, taxes

3.1 The price of each complete unit of the Product shall be as defined in Schedule D to this Agreement.

The Price is valid "ex works". Price does not include any delivery expenses, such as freight, transfer, or insurance, which have to be paid by Company separately. The Company has to remove packing at his own expense.

3.2 The Company has to bear taxes and customs as well as to organise all formalities (for example customs declarations). Insurance will only be effected on the Company´s explicit request and only, if Company defrays costs.

3.3 The Price is a net price and does not include German sales tax (Umsatzsteuer, VAT). German sales taxes, if any, shall be borne by the Company. With regard to deliveries within the European Union, Manufacturer will invoice German sales tax except for the case that the Company provides Manufacturer with the required proofs according to German sales tax law (Umsatzsteuerrecht) and that the German tax office confirms these proofs.

3.4 The Price is a net price also with respect to local withholding taxes in Israel. To the extent that the Company has to pay withholding taxes on the purchase price according to his national tax law, Company is obligated to provide Manufacturer with an attestation of the paid withholding taxes.

3.5 Deduction of cash discount must be agreed upon in writing.

3.6 The purchase price becomes due within 30 calendar days upon the date of receipt of defectless Products by the Company unless otherwise agreed. Upon expiry of this period without timely payment, the Company will be in delay with payment. If the Company is in delay with payment, Manufacturer is entitled to claim interest on arrears at the rate of LIBOR + 3% per annum.

3.7 Set-offs may only be declared in writing. The Company may only exercise a right of retention, if his counterclaim results from the same contractual relationship. The Company shall have no right of retention because of partial performances pursuant to § 320 para. 2 BGB.

4. Delivery Risk and property in the Products

4.1 The delivery shall be on ex works basis.

4.2 The risk of loss to the Products shall pass to the Company upon despatch (ex works) unless otherwise agreed.

4.3 The Products remain the Property of the Manufacturer until full payment of the uncontested amounts by the Company.

5. Intellectual property rights of the Company

5.1 The Manufacturer acknowledges the Company's right with regard to the Patent Rights, the Know-How, the Trade Name and any other intellectual property rights to the Products (including the Company's copyright in drawings, specifications, names and part numbers) (" **the Intellectual Property** ") and the Manufacturer agrees that it will not either during the term of this Agreement or at any time thereafter (i) do or suffer to be done any act which may in any way infringe the Company's said rights or goodwill relating to the Products or the Company or its business.(ii) Directly or indirectly challenge the vailidity of the intellectual property of the Company;

5.2 The Manufacturer hereby warrants to the Company that to the best of its knowledge it has not and shall not provide the Company, under this Agreement, with any Product and or component that is designated to be part of the end product sold by the Company for which to the best of its knowledge may be infringing on the intellectual property rights of a third party. Should such alleged claim of infringement be brought against Manufacturer during the term of this Agreement, Manufacturer shall: 1) Immediately cease the production of such claimed against Product and or component, including its distribution or any other act that may be considered infringing by such third party; and 2) Immediately notify the Company of such alleged claim of infringement.

6. Warranty

6.1 Manufacturer warrants that its Products will, under its intended use comply and function in accordance with their specifications and associated documentation in all material respects for a period of twelve (12) form the date of delivery (**"Warranty Period"**).

6.2 The Company will report any defects to Manufacturer in writing as soon as such information becomes known to the Company. Manufacturer will then examine and analyze the defects and use its best effort to provide a rectification within a reasonable period. Manufacturer shall fix all defects in the Product(s) in accordance with the Company's request by either: i) exchanging the Product, ii) modifying or repairing the Product or work result, or iii) reperforming the manufacturing of the defective Product to achieve the agreed work result. Manufacturer may employ subcontractors to provide warranty services provided that use of subcontractors shall not relieve Manufacturer of any of its obligations under this Agreement. Should Manufacturer refuse or fail to provide such remedy within 60 days of notice from the Company the Company is entitled at its choice to terminate this Agreement and amend amount due to Manufacturer accordingly, deducting all damages suffered by the Company limited to the value of the defect Product.

6.3 Warranty claims are excluded in cases of insignificant deviations from the agreed quality such as non-reproducible errors and of natural wear and tear. They are also excluded if the Company used the Products or work results for other than the intended use, or in particular if they are modified without the prior written consent of Manufacturer.

7. Liability

Claims of the Company to lost profits or consequential damages shall be excluded. The Manufacturer shall, at all times that it is supplying the Product commercially, maintain product liability insurance policies with insurers of recognized standing, with policy limits of not less than 5 million Euros per occurrence. The Company shall, at all times that it is selling or having sold the Product for commercial use, maintain product liability insurance policies with insurers of recognized standing, with policy limits of not less than 5 million Euros per occurrence. Each Party shall promptly notify the other Party in writing if such policies are to be revoked, canceled or materially decreased. Upon request, each party will provide the other party with a certificate of insurance from its insurers evidencing such insurance. Any further Liability of the Manufacturer is excluded, unless the Manufacturer (i) acted with wilful intend and/or gross negligence (ii) or wilfully concealed a default.

8. Confidential information

The Parties agree both during the Term and thereafter that they shall cause their respective employees to sign all documents required to ensure that its employees and agents will not disclose or make any use whatsoever of all (i) Information exchanged between the parties and marked as confidential at time of disclosure; (ii) information pertaining to the Materials or the Products or the sale of them or (iii) the conduct of the Party's business, unless such information is:

(a) lawfully and properly proved to be known to or in the possession of the Parties at the date of this Agreement; or

(b) in the public domain at the date of this Agreement or which subsequently comes into the public domain through no fault of the other Party.

9. Force majeure

9.1 The Manufacturer may totally or partially suspend manufacture of the Products and shall be under no liability whatsoever to the Company for any non-performance under this Agreement due to accidents, Acts of God, riots, civil commotions, fire, governmental action or any other circumstances beyond the control of the Manufacturer. It is however, agreed between the parties that should the Manufacturer fail to produce the Minimum Quantity or any quantity ordered by the Company during the Term for a period of more than 90 days, for whatever reason (the "Supply Short Fall), the Company shall have the right to terminate this Agreement and proceed with manufacturing of the Product using other entities. Company shall provide Manufacturer with a one month's written notice and upon expiry of such notice each party shall be released from all future obligations hereunder but such termination shall not relieve either party of any rights or from any obligations accruing before the occurrence of any such circumstances.

10. Term

This Agreement shall commence on the execution of this Agreement and (subject to earlier termination as provided in this Agreement) shall continue for a period of 10 years, unless terminated pursuant to section 11 below.

11. Termination

11.1 Termination for cause:

The Parties may by notice in writing to the other Party immediately terminate this Agreement if:

(a) the other Party shall at any time be in breach of any of its obligations contained in this Agreement and such breach shall not be remedied within 30 days after notice from the Party of such breach;

(b) the other Party shall go into liquidation other than for the purpose of reconstruction or amalgamation or be subject to an administration order or if a Receiver Administrator or Administrative Receiver be appointed in respect of the whole or any part of its assets or if the whole or any substantial part of its said assets be assigned for the benefit of its creditors;

(c) In case of a supply shortfall, whereby Manufacturer has not delivered the Products to the Company for a period of over 60 days.

(d) In case a any component provided by a party is claimed to be infringing on the intellectual property rights of a third party and such claim is supported by the written opinion of an independent patent attorney, then the non claimed-against party shall have the right to terminate this Agreement with a 30 days prior written notice.

(e) In case the Development Agreement executed between the Parties on January 15 th 2007 terminates, either party shall have the right to terminate this Agreement with a 30 days prior written notice.

12. General

12.1 ***Entire agreement***

This Agreement sets out the entire agreement and understanding between the parties in respect of the subject matter of this Agreement.

12.2 ***Invalidity***

To the extent that any provision of this Agreement is found by any court or competent authority to be invalid, unlawful or unenforceable in any jurisdiction, that provision shall be deemed not to be a part of this Agreement, it shall not affect the enforceability of the remainder of this Agreement nor shall it affect the validity, lawfulness or enforceability of that provision in any other jurisdiction.

12.3 ***No partnership***

Nothing in this Agreement shall be deemed to create a partnership between the parties.

12.4 ***Notices***

Any notice to a party under this Agreement shall be in writing signed by or on behalf of the party giving it and shall, unless delivered to a party personally, be left at, or sent by prepaid first class post, prepaid recorded delivery, telex or facsimile to the address of the party as set out on page 1 of this Agreement or as otherwise notified in writing from time to time.

12.5 ***Variations***

No purported variation of this Agreement shall be effective unless it is in writing and signed by or on behalf of each of the parties. This applies also to this clause.

12.6 ***Assignment of rights***

The Agreement or any right or obligation contained herein may be assigned to third parties only upon the prior written consent of the other party that shall not be unreasonably withheld. Notwithstanding the above, the Company shall have the right to assign its rights in: 1) case of an IPO, M&A or another form of change of control, provided that the assignee shall take all obligations incurred by the Company under this Agreement, or 2) to an affiliate company, or a company owned by the Company.

12.7 Releases and waivers

(a) Any party may, in whole or in part, release, compound, compromise, waive or postpone, in its absolute discretion, any liability owed to it or right granted to it in this Agreement by any other party or parties without in any way prejudicing or affecting its rights in respect of that or any other liability or right not so released, compounded, compromised, waived or postponed.

(b) No single or partial exercise, or failure or delay in exercising any right, power or remedy by any party shall constitute a waiver by that party of, or impair or preclude any further exercise of, that or any right, power or remedy arising under this Agreement or otherwise.

13. Governing law and jurisdiction

13.1 This Agreement shall be governed by and construed in accordance with Swiss law excluding its conflict of law provisions and the UN Convention on Contracts for the International sales of Goods.

13.2 Each of the parties irrevocably submits for all purposes in connection with this Agreement to the exclusive jurisdiction of the courts of Switzerland.

13.3 All disputes arising out the performance of this agreement shall first be discussed and resolved between the parties. If such discussion do not yield positive results, the parties shall use an agreed upon mediator to solve the conflict. Mediation shall take place in the English language and be limited to a 3 hour international phone conference. Costs of mediation shall be equally borne between the parties hereto.

This Agreement has been signed on the date appearing at the head of page 1.

_____ (place and date)

QualiMed Innovative Medizinprodukte GmbH

Represent by

Name: _____

Title: _____

_____ (place and date)

Inspire MD Ltd.

Represent by

Name: _____

Title: _____

List of Agreement Schedules:

Schedule A – Reserved

Schedule B – Product Specifications and Product Description

Schedule C – Initial Quantity for Production Stock

Schedule D – Prices and Delivery addresses and terms

Schedule D

To the QualiMed – Inspire Manufacturing Agreement:

Prices, Delivery Addresses and Terms

The price for each MGuard Stent Implantation System will be calculated according to a two phase pricing model:

Monthly Orders – the Company will pay the Manufacturer a price per stent in accordance with the number of stents purchased per month, as depicted in the following table.

Stents Purchased per Month				Stent* Euro	Add –ons** Euro	System Euro	Month	stents	Euro
From	-	Up to	500	40.0	109.5	149.5	X	500	74,750
From	501	Up to	1,000	40.0	99.0	139.0	X	500	69,500
From	1,001	Up to	2,000	40.0	88.5	128.5	X	1,000	128,500
From	2,001	Up to	4,000	40.0	82.5	122.5	X	2,000	245,000

Annual Incentive Plan – the Manufacturer will rebate the Company with respect to the number of stents purchased per year. The rebate will be equal to the difference between the price per stent correlated with the annual number of stents purchased, as depicted in the following table, and the actual payments to the Manufacturer. For the purpose of calculation of the rebate, a "year" shall start on October 1st and end on September 30th. Rebates shall be calculated 30 days following the yearend.

Stents Purchased per Year				Stent*	Add –ons**	System		Year	
				Euro	Euro	Euro		stents	Euro
From	-	Up to	6,000	40.0	109.5	149.5	X	6,000	897,700
From	6,001	Up to	12,000	40.0	99.0	139.0	X	12,000	1,668,000
From	12,001	Up to	24,000	40.0	88.5	128.5	X	24,000	3,084,000
From	24,001	Up to	48,000	40.0	82.5	122.5	X	48,000	5,880,,000

*The transfer price of the bare metal stent (BMS, electropolished, cleaned and quality controlled) which will be delivered to Inspire by QualiMed is **€ 40 / per stent** , not depending on the quantity ordered.

**The add-ons include the catheter, crimpimg, sterilization, packaging and labeling of the MGuard Stent Implantation System.

The products will be delivered 30 days after written purchase order, according to section 2.-4. of the Manufacturing Agreement.

Date:__.__.____

QualiMed Innovative

Medizinprodukte GmbH

Represent by

Name: _____

Title: _____

Date:__.__.____

Inspire MD Ltd.

Represent by

Name: _____

Title: _____

DEVELOPMENT AGREEMENT

This Agreement (the " **Agreement** ") is made and entered on the 15 day of January 2007 (the " **Effective Date** "), by and between InspireMD Ltd., a company duly organized and existing under the laws of the State of Israel having a principal place of business at 4 Derech Hashalom St. Tel Aviv, Israel (" **Inspire** "), and Qualimed Innovative Medizinprodukte GmbH having a principal place of buisness at Boschstraße 16, 21423 Winsenan, Germany (" **Qualimed** ").

WHEREAS Inspire is engaged in the research, development, manufacturing and marketing of a new technology for "Laminar Angiographic Protective Device for Stents" (the " **Sleeve")** defined in **Exhibit A** to this Agremeent); and

WHEREAS Qualimed wishes to obtain the Sleeve from Inspire for the purpose of its integration into the Product, all under the terms set forth in this Agreement; and

WHEREAS Qualimed is engaged in the production of stents, and shall produce the stent under the terms of this Agreement per the specifications defined in **Exhibit B** to this Agreement;

WHEREAS Qualimed is further engaged in the integration of the stent, Sleeve and the delivery system (collectively reffered to as " **Product** ") defined in **Exhibit C** to this Agreement, and further wishes to obtain a CE mark for the Product; and

WHEREAS The parties wish to develop, market, distribute and sell the Product under InspireMD brand name;

NOW THEREFORE, in consideration of the mutual promises and covenants contained herein, the parties hereto hereby agree as follows:

1. Preamble and Exhibits: The preamble to this Agreement and the Exhibit form an integral part of this Agreement.

2. Qualimed Representations and Undertakings:
   a. Qualimed hereby represents and warrants to Inspire that it possesses and will maintain throughout the term of this Agreement, the means, experience, know-how, skill, facilities and personnel to properly fulfill its obligations under this Agreement in a timely manner and that it will use its best efforts to peform its obligations under this Agreement. Further, Qualimed represents and warrants that it is duly licensed to execute its obligations under this Agreement.
   b. Qualimed shall comply with any and all national German safety regulations and standards and such other regulations or requirements as are or may be promulgated by authorized national German governmental authorities and required in order to carry out the terms of this Agreement and all other regulations applicable to the sale of the Product per territory where Product is sold. Qualimed shall provide Inspire information of adverse events or any information that alleges Product deficiencies may related to safety, within three working days from the time that Qualimed becomes aware of such information. Qualimed shall provide Inspire, in timely manner, information that alleges Product deficiencies related to the identity, quality, durability, reliability, effectiveness, or performance all in accordance with the standards listed in **Exhibit D** to this Agreement ("Standards").

c. Qualimed undertakes that is shall be responsible for obtaining any and all permits, approvals, licenses, authorizations and clearances from local, state, municipal, governmental, quasi-governmental and other authorities, required per the Standards necessary or desirable for the sake of manufacturing the Product and for the performance of the manufacturing according to the Manufacturing Agreement attached as **Exhibit H** to this Agreement.

d. Qualimed undertakes to refrain from manufacturing, producing, marketing, handling or selling (the " **Activities** "), directly or indirectly, products which compete, or may compete, with the Product, specifically, with respect to stents covered with a mesh equal or similar to the Sleeve for the term of this Agreement and for a period of 3 years thereafter. For the purpose of clarity, it is noted that Qualimed may engage in the Activities using any form of stents and/or delivery systems, as well as other stent cover materials, so long as the Sleeve or similar material is not used in such Activities.

e. Qualimed undertakes for the purpose of this Agreement to audit Inspire in all matters relating to Inspire's manufacruting of the Sleeve, as well as its facility and capabilities, including, but not limited to all requirements Inspire must meet in order to be considered an approved subcontractor of the Product to be marketed, distributed and sold as a medical device world wide.

f. Qualimed represents that it is duly insured with all relevant insurance policies covering all of its activities under this Agreement and damages that may result of this Agreement, or use of the Product.

g. Qualimed represents that it has independently developed and it is the rightful owner of all of Qualimed's intellectual property detailed in **Exhibit J** to this Agreement that is embedded and/or used, and/or integrated in the Product, and that use and/or integration of said intellectual property does not infringe the intellectual property or contractual rights of third parties.

3. Inspire Representations and Undertakings:

a. Inspire hereby represents and warrants to Qualimed that it possesses and will maintain throughout the term of this Agreement, the means, experience, know-how, skill, facilities and personnel to properly fulfill its obligations under this Agreement in a timely manner and that it will use its best efforts to peform its oblitgations under this Agreement. Further, Inspire represents and warrants that it is duly licensed to execute its obligations under this Agreement.

b. Inspire shall provide Qualimed with all information relating to the Sleeve which may be required by Qualimed for the productions of the Product all under the terms of this Agreement.

c. Inspire shall provide Qualimed with Sleeve Warranty as detailed in **Exhibit F** to this Agreement.

4. Specifictions listed in this Agreement for the prupose of manufacturing of the Product, including all of its components shall be the responsilibty of the party listed in the table below. Each party undertakes to use its best effort to provide all information required for the definition of the specifications defined below:

Product Component	**Specification Definition**	**Producer/ Integrator**
Sleeve	Qualimed	Inspire
Stent	Qualimed & Inspire	Qualimed
Stent Compatible Delivery System	Qualimed	Qualimed
Integrated Product	Qualimed & Inspire	Qualimed

Qualimed expenses incurred with respect to drafting of the Specifications listed above shall be borne by Inspire as provided for in **Exhibit G** to this Agreement.

5. Qualimed shall manufacture the stent in accordance with the specifications listed in **Exhibit B** to this Agreement and subject to the requirements of the Standards applicable to such products.

6. Qualimed shall manufacture the delivery system in accordance with the specifications listed in **Exhibit E** to this Agreement and subject to the requirements of the Standard applicable to such products.

7. Inspire shall manufacture the Sleeve in accordance with the specifications specified in **Exhibit A** for the purpose of integrating the Sleeve with the Product. Upon completion of the manufcaturing of the Sleeve by Inspire, it shall preform quality assurance and quallity control tests to the Sleeve manufactured, based on its self established procedures. Tested Sleeve shall be then transferred to Qualimed by Inspire at Inspire's cost. For the purpose of this section, Inspire shall exercise its best effort obtain ISO approval for the Sleeve mesh manufacturing within 5 months from the Effective Date of this Agreement. Delays that are not a result of Inspire actions or that are out of Inspire's control shall not be considered Inspire's failure to preform under this Section. Upon receipt of said ISO approval, Inspire shall forward Qualimed a copy of the documents demonstrating receipt of said approval.

8. Upon receipt of the Sleeve by Qualimed, it shall preform quality Assurance (" **QA** ") and Quality Control (" **QC** ") tests as well as the required bench tests to the Sleeve per pre defined procedured to be furnished by Qualimed to Inspire in writing. Further, Qualimed shall audit Inspire as manufacturer of the Sleeve and provide Inspire with written reports summarizing its conclusions. Said QA and QC tests are attached as **Exhibit I** to this Agreement. Should defects be found in the Sleeve, Inspire shall have 10 days to evaluate the claimed defect and suggest a solution which shall be forwarded to Qualimed for its approval and/or for further dicussion. Once the solution is jointly approved of by the parties, the parties shall jointly determine the number of days Inspire shall have to implement said solution. Once Qualimed has established that said Sleeve has completed the QA and QC stage successfully (the " **Approved Sleeve** "), it shall furnish Inspire with an audit report, and Inspire shall be deemed to have fullfilled its obligations under this Agreement.

   For the purpose of this section Qualimed shall be responsible and liable for executing the required QA and QC tests, all in accorance with the required Standards and Product requirements.

9. Qualimed as the manufacturer of the Product, shall obtain a CE Mark for the Product, under its name, subject to the terms set herein:
   a. For the purpose of pefroming its obligation under this Section, Qualimed shall render the services of Dekra Certification. Inspire shall provide all assistance and documentation required for obtaining such CE Mark.

b. Qualimed shall obtain the CE Mark 8 months from the Effective Date of this Agreement. Inspire may terminate this Agreement if the CE Mark is not obtained within a 10 months period, in which case each party shall be the owner of its property and rights as was prior to the Effective Date of this Agreement.

c. Qualimed shall furnish Inspire with all required documentation demonstrating that the Product has obtained a CE Mark.

d. In consideration for Qualimed's completion of all of its obligations under this Section 9, Inspire shall pay Qualimed the consideration as detailed in **Exhibit G** to this Agreement.

10. Qualimed shall manufacture the Product by integrating the Approved Sleeve with the Stent and the Delivery System. The completed fully integrated Product will be distributed worldwide exclusively by Inspire under its brandname, all under the terms and conditions of a Manufacturing Agreement to be agreed upon by the parties and attached to this Agreement as **Exhibit H** .

11. Inspire shall place orders with Qualimed for the Product, as per **Exhibit H** to this Agreement.

12. Qualimed and Inspire shall each idetify key persons which will serve as coordinators for the purpose of this Agreement including the execution of its exhibits. Each party undertakes to assign the identified key person, or person of equal skills for said purpose. Qualimed key person shall provide Inspire with progress reports detailing the work performed with respect to the work plan as defined in the Manufacturing Agreement or as part of this Agreement. Said reports shall be provided in writing upon Inspire's request and at least on a quarterly basis.

13. It is agreed upon between the parties that all rights related to the Product, including, but not limited to the right to manufacture, distribute, market and sell the product shall be exclusively owned by Inspire. Further, it is agreed upon between the parties that:

a. All intellectual property rights subsisting in or related to the Product, excluding Qualimed's pre-existing intellectual property as defined in **Exhibit J** to this Agreement, including but not limited to patents and other know-how and copyright, both registered and unregistered, owned and/or otherwise used by Inspire and all goodwill related thereto (collectively, the " IP Rights ") are and shall remain at all times, as between Inspire and Qualimed, the exclusive property of Inspire and may not be exploited, reproduced or used by Qualimed except as expressly permitted in this Agreement;

b. Qualimed shall not have or acquire any right, title or interest in or otherwise become entitled to any IP Rights by taking delivery of, making payment for, distributing and/or selling or otherwise using or transferring the Product; and

c. Qualimed shall take all reasonable measures to ensure that all IP Rights of Inspire shall remain with Inspire, including promptly notifying Inspire of any possible infringement by third parties of Inspire's IP Rights and participating with Inspire, at Inspire's expense, regarding any legal action against such infringement that, in Supplier's sole judgment, is necessary.

d. Inspire may at any time affix in any manner its trade name, service marks or trademarks or any of them (the " **Trademarks** ") to the Product and use the Trademarks in relation to any services or product Inspire provides;

e. Qualimed shall not have or acquire any right, title or interest in or otherwise become entitled to use any Trademarks, either alone or in conjunction with other words or names, or in the goodwill thereof, without the express written consent of Inspire in each instance. Further, Qualimed agrees not to apply for or oppose registration of any trademarks, including the Trademarks, used by Inspire.

f. Qualimed acknowledges that no license or right is granted hereby with respect to Inspires's intellectual property other than a license to use the Sleeve for integration in the Product to be distributed by Inspire.

g. Qualimed shall not during the term of this Agreement, or upon its expiration, challenge the validity of Inspire's Intellectual Property Rights.

14. The Parties agree that nothing contained in this Agreement shall be construed as conferring on either party any right or imposing any obligation to use in advertising, publicity or otherwise any trademark, name or symbol of the other party, or any contraction, abbreviation or simulation thereof, except as expressly provided for in this Agreement.

15. Without the written consent of the other party, neither party shall disclose to any third party, or use for its own benefit or the benefit of others, either during or after the Term of this Agreement, any confidential or proprietary business or technical information of the other party that has been identified as confidential or proprietary by the disclosing party.

a. To be considered proprietary information, the information must be (i) disclosed in writing or other tangible form and marked confidential or proprietary, or (ii) disclosed orally or visually, identified as confidential at the time of disclosure and reduced to writing and marked confidential or proprietary within thirty (30) days of the disclosure thereof.

b. Proprietary information shall not include information which (i) is already rightfully known or becomes rightfully known to the receiving party independent of proprietary information disclosed hereunder; (ii) is or becomes publicly known through no wrongful act of the receiving party; (iii) is rightfully received from a third party without similar restrictions and without breach of this Agreement; or (iv) in the opinion of counsel, is required to be disclosed to comply with any applicable law, regulation or order of a government authority or court of competent jurisdiction, which event the receiving party shall, prior to such disclosure, advise the other party in writing of the need for such disclosure and use its reasonable best efforts to obtain confidential treatment of such information.
c. The parties agree to keep this Agreement, including all its Exhibits confidential.

16. It is understood by the parties hereto that the confidentiality, development rights and non-competition undertaking shall be valid as of the date hereof and shall survive the termination of the Agreement.

17. The parties agree that each does not have the right or the power to bind the other in any way. Further, this Agreement shall not be deemed to create any employer-employee relationship between the parties, nor any agency, franchise, joint venture or partnership relationship between them.

18. may assign its rights under this Agreement provided that the Product to be manufactured under this Agreement is not effected by such change.

19. Qualimed shall indemnify, hold harmless and defend Inspire, its successors and assigns for all losses, claims and defense costs claimed by any third party for any injury, death or property damage suffered by such third party to the extent resulting from a defect in the manufacturing of the Product supplied hereunder, unless such injury, death or property damage is the result of Inspire's negligence or willful misconduct.

20. Inspire assumes no liability for infringement claims arising from (i) the combination of the Sleeve with Qualimed products where such claim would not have arisen from the use of the Sleeve standing alone (ii) any modification of the Sleeve not made by or under the authority of Inspire, where such infringement would not have occurred but for such modifications; (iii) from any continued use by Qualimed of the allegedly infringing Sleeve after being provided modifications that would have avoided the infringement and (iv) Qualimed's use of the allegedly infringing Sleeve in violation of this Agreement.

21. The term of this agreement shall be for 10 years Inspire may terminate this agreement with a written 30 days notice, should any one of the following occur: (i) interruption of supply on part of Qualimed; (ii) Production of Product by Qualimed not accordance with the Product Specifications listed in **Exhibit C** to this Agreement (iii) Production of the Stent by Qualimed not accordance with the Stent Specifications listed in **Exhibit B** to this Agreement (iv)an adverse change in Qualimed's financial situation which leads to its inability to preform its obligations under this Agreement;

Upon termination, all rights and licenses granted hereunder shall immediately terminate and automatically revert to their owner. In case of either Party's uncured material breach, the Party in breach shall return to the non-breaching Party or destroy the Intellectual Property including all copies and documentation, and shall provide written notice to non-breaching Party of such return or destruction to within 60 days of termination.

22. The following Sections will survive expiration or termination of this Agreement: 2,3,13,15,16,18,19,20,24 and 25.

23. This Agreement, and Qualimed's rights and obligations hereunder, shall not be assigned in whole or in part by Qaulimed without the prior written consent of Inspire. Any attempted assignment or delegation without such consent shall be void and of no effect.

24. This Agreement shall be governed by, and construed in accordance with, the laws of Switzerland applicable to contracts made and to be performed therein, without giving effect to the principles of conflicts of law.

25. All disputes arising directly under the express terms of this Agreement or the grounds for termination thereof shall be resolved as follows: The senior management of both Parties shall meet to attempt to resolve such disputes. If the disputes cannot be resolved by the senior management, either Party may make a written demand for formal dispute resolution and specify therein the scope of the dispute. Within thirty days after such written notification, the Parties agree to meet for one day with an impartial mediator and consider dispute resolution alternatives other than litigation. If an alternative method of dispute resolution is not agreed upon within thirty days after the one day mediation, either Party may begin litigation proceedings subject to section 26 below.

26. The parties hereto irrevocably submit to the exclusive jurisdiction of the courts of the defending party, with respect to any dispute or matter arising out of, or connected with, this Agreement.

27. The failure of the party to enforce at any time any provisions of this Agreement shall in no way be construed to be a waiver of such provision or any other provision hereof.

28. This Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereof.

29. This Agreement may be executed in counterparts, and all such counterparts together shall be deemed to be the original and will constitute one and the same instrument. A facsimile signature shall be deemed as an original for all purposes.

30. All notices and other communications required or permitted hereunder to be given to a party to this Agreement shall be in writing and shall be telecopied or mailed by registered or certified mail, postage prepaid, or otherwise delivered by hand or by messenger, addressed to such party’s address as set forth in the preamble above or at such other address as the party shall have furnished to the other party in writing in accordance with this provision.

31. Any notice sent in accordance with Section 22 shall be effective (i) if mailed, seven (7) business days after mailing, (ii) if sent by messenger, upon delivery, and (iii) if sent by telecopier, upon transmission and electronic confirmation of receipt or, if transmitted and received on a non-business day, on the first business day following transmission and electronic confirmation of receipt. Any notice of change of address shall only be valid upon receipt.

32. This Agreement constitutes the entire understanding between the parties hereto. Any prior agreement, arrangements or understandings, verbally or in writing, between the Consultant and the Company, and any right generated from such is hereby void. Any change of any kind to this Agreement will be valid only if made in writing, signed by both the Consultant and the Company's authorized member and approved by the Board.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE SIGNED THIS AGREEMENT AS OF THE DATE HEREINABOVE SET FORTH:

	InspireMD Ltd.		**Qualimed Innovative Medizinprodukte GmbH**
	_____		_____
By:	_____	**By:**	_____

Agreement Exhibits:
Exhibit A: Sleeve Product Specifications (Defined by Qualimed)
Exhibit B: Stent Specifications (Defined jointly by Inspire and Qualimed)
Exhibit C: Product Specifications (Defined jointly by Inspire and Qualimed)
Exhibit D: Product Standards
Exhibit E: Delivery System Specifictions (Defined by Qualimed)
Exhibit F: Sleeve Product Warranty (Provided by Inspire)
Exhibit G: Qualimed Consideration
Exhibit H: Manufactruing Agreement Inspire-Qualimed
Exhibit I: QA and QC testing for the Sleeve provided by Qualimed.
Exhibit J: Qualimed Pre existing IP

EXHIBIT A

Sleeve Product Specifications to be provided by Inspire

EXHIBIT B
Stent Specifications

EXHIBIT C

Product Specifications

The product is comprize from :

a. a mesh as per specification submited from time to time by inspiremd
b. a delivary catheter (BTM) the new genaration cat number …….. series
c. stent design low profile compitable with new genaration ballons up to 6mm diameter

EXHIBIT D

Product Standards

1. Essential Requirements list according to MDD 93/45.
2. ISO 10993 Biological evaluation of medical devices
3. ISO 14971-2000 Risk Management
4. ISO 13485-2003 Quality Systems
5. ISO 14644 Clean Rooms
6. ISO 980 Labeling
7. ISO 11135 – Medical Devices – Validation and routine control of ethylene oxide sterilization.
8. EN 550– Sterilization of medical devices – Validation and routine control of ethylene oxide sterilization.
9. ASTM 868 Packaging
10. EN 1041 – Instructions for Use – Medical Devices
11. ISO 14155 Clinical Investigation of Medical Devices
12. ISO 9001
13. ISO 13485
14. MMD 93/42/EEC

EXHIBIT E
Delivery System Specifictions

EXHIBIT F
Sleeve Product Warranty

EXHIBIT G

Qualimed consideration for the successful execution of its obligations under this Agreement shall be:

(i) 70,000 Euro (the " **Cash Consideration** "), payable against invoices to be furnished to Inspire for review. The Cash Consideration shall be paid 30 days from date of approval for payment by Inspire. The Cash Consideration shall be the sole and exclusive consideration Qualimed shall be entitled to under this Agreement for any and all expenses it shall incurr. Qualimed shall bear all expenses exceeing the amount of the Cash Consideration.

(ii) In addition to section (i) above, upon obtaining the CE Mark for the Product and the Improved Product (collectively referred to as the " **Marks** ") and the transfer of Marks under Inspire's name, Inspire shall grant Qualimed 1,000 Ordinary Shares of Inspire, 45 days from the date on which the documents confirming Mark/s was obtained and transferred were actually received by Inspire. For the sake of clarity it is noted that Qualimed shall not be entitled for any fraction payments under this section (ii) even if it has preformed some of the work or actions required for obtaining and/or transferring the Marks. Qualimed shall bear all tax liability imposed in connection with this section (ii).

EXHIBIT H
Manufactruing Agreement Inspire-Qualimed

EXHIBIT I

QA and QC testing for the Sleeve to be composed of :

1. Visual Inspection
2. Detailed inspection after crimping

EXHIBIT J
Qualimed Pre Exising IP

LICENSE AGREEMENT

THIS LICENSE AGREEMENT (this " ***Agreement*** ") is made as of March 19, 2010 (the " ***Effective Date*** "), by and among SVELTE MEDICAL SYSTEMS, INC. , a Delaware corporation having its principal place of business at 657 Central Avenue, New Providence, New Jersey 07974 (collectively, " ***Licensor*** "), and **INSPIRE/MD LTD.,** an Israeli corporation, having its principal place of business at 3 Menorat Hamaor St., Tel Aviv, Israel (" ***Licensee*** "). Licensor and Licensee are each individually referred to herein without distinction as a " ***Party*** " and collectively as the " ***Parties*** ."

BACKGROUND

Licensor is a medical device company engaged in the discovery and development of medical devices using its proprietary stent-on-a-wire stent delivery system and solely owns all worldwide right, title and interest in and to the Svelte helical stent (" **SHS** "), which specifications are as set forth in Exhibit A attached hereto, which is the subject (at least in part) of those certain patents and patent applications set forth on EXHIBIT B , attached hereto, which are also the sole property of Licensor.

Licensee desires to obtain from Licensor, and Licensor is willing to grant Licensee, a non-exclusive license to the SHS, the above identified patents and related technology on the terms and conditions set forth herein.

TERMS AND CONDITIONS

NOW, THEREFORE , in consideration of the foregoing and the terms, conditions and covenants hereinafter set forth, Licensor and Licensee hereby agree as follows:

ARTICLE 1
DEFINITIONS

Capitalized terms used herein and not otherwise defined shall have the following meanings:

1.1 ***"Affiliate "*** means each and every business entity controlling, controlled by or under common control with a Party. For purposes of this definition, "control" shall mean ownership, directly or indirectly, of more than fifty percent (50%) of the voting or income interest of the applicable business entity.

1.2 ***"Confidential Information"*** means any information disclosed by a Party (the " ***Disclosing Party*** ") to the other Party (the " ***Receiving Party*** "), including, without limitation, trade secrets, documents expressly designated as confidential, information related to either Party's design, drawings, development or manufacturing processes, products, devices, employees, facilities, equipment, security systems, information systems, finances, product plans, marketing plans, suppliers, or distributors and all confidential regulatory applications, regulatory and clinical materials and related filings, applications and data, the content of any unpublished patent applications, operating methods and procedures, marketing, manufacturing, distribution and sales methods and systems, sales figures, pricing policies and price lists and other business information and shall include all confidential information disclosed or accessed by the parties pursuant to the provisions of this Agreement . "Confidential Information" shall not include information that (a) is now available or becomes available to the public without breach of this Agreement; (b) is explicitly approved for release by written authorization of the Disclosing Party; (c) is lawfully obtained from a third party or parties without a duty of confidentiality; (d); is known to the Receiving Party prior to disclosure as evidenced by prior written records; or (e) is at any time developed by or for the Receiving Party independently of any such disclosure(s) from the Disclosing Party as evidenced by prior written records.

1.3 ***"Damages"*** shall mean any and all costs, losses, claims, liabilities, fines, penalties, damages and expenses, court costs, and reasonable fees and disbursements of counsel, consultants and expert witnesses incurred by a Party hereto (including any interest payments which may be imposed in connection therewith).

1.4 ***"Improvements"*** means all present and future supplements, changes, derivatives, revisions, updates, advancements, inventions, corrections and modifications that are applicable to the manufacture or use of the Licensed Product or use of the Licensed Patent or Licensed Processes, whether developed or created by Licensor or Licensee.

1.5 ***" Intellectual Property "*** means (a) any inventions, ideas, discoveries, developments, improvements, innovations, and know-how, whether or not subject to patent, copyright or trademark protection; (b) trade secrets; (c) compositions of matter, (d) proprietary procedures, prototypes, products or devices; and (e) experimental and regulatory results.

1.6 ***" License "*** means the license granted under Section 2.1 hereof.

1.7 ***" Licensed Product "*** means Licensee's RX stent delivery catheter with the SHS and Licensee's mesh covering.

1.8 ***" Licensed Process(es) "*** means any process or method that is covered in whole or in part by an issued, unexpired claim or a pending claim contained in the Licensed Patents.

1.9 ***"Licensed Patents"*** shall mean all the patents and patent applications listed in EXHIBIT B attached hereto; (b) any international counterparts thereof; and (c) all patents issuing from any of the foregoing.

1.10 ***"Net Sales"*** shall mean the gross invoiced sales prices charged for all Licensed Products sold by Licensee to third parties for which Licensee actually received payment from such third parties less: (a) trade discounts (including without limitation discounts given to distributors, agents and representatives), prompt payment and quantity discounts actually given; (b) any tax imposed or other governmental charge (other than income tax) charged or levied on the sale, use, transportation, or delivery of the products and borne or passed through to Licensee; (c) credits or allowances actually given and arising from returned or rejected products or retrospective price adjustments to any such products and recalls; (d) governmental and managed care rebates, and hospital or other buying group charge backs.

1.11 ***"Royalty Bearing Sale"*** means any sale, lease or transfer of any Licensed Product, by Licensee for which Licensee has received revenue.

1.12 ***" Territory "*** shall mean all of the countries and territories of the world.

ARTICLE 2
GRANT OF LICENSE

2.1 **LICENSE GRANT.** Licensor hereby grants to Licensee a non-exclusive, world-wide license under the Licensed Patents and the Licensed Processes and any Improvements thereon made by Licensor, with the right to use, make, have made, (including the right to have a third party to manufacture the Licensed Products)sell, offer, distribute, market, import and export the Licensed Products and to otherwise practice the technology related to the SHS and the Licensed Patents and Licensed Processes, for the purposes of this Agreement as well as each component of or material or apparatus for use in making any Licensed Products in the Territory. Licensee shall have the sole right to determine the prices at which it sells Licensed Products in the Territory to any customer without any approval from Licensor.

2.2 **TERM.** Unless sooner terminated as provided in this Agreement, the License shall extend until the expiration, abandonment or invalidation of the last to expire, abandoned or invalidated of the Licensed Patents that is material to the License.

ARTICLE 3
CONSIDERATION

3.1 **REGULATORY COST SHARING.** The Parties agree that all regulatory costs for receiving CE Mark for the Licensed Product shall be borne fifty percent (50%) by Licensee and fifty percent (50%) by Licensor; provided, however, that Licensor's obligations under this Section 3.1 shall not exceed eighty five Thousand Dollars ($85,000).

All regulatory costs for receiving FDA Approval for conducting clinical trials, manufacture, distribute and sale for the Licensed Product shall be borne in equal portions by the Parties, provided however that Licensor's obligations under this Section 3.2 shall not exceed US$ 200,000 with no portion payable prior to completion of enrollment in the US IDE clinical trial.

3.2 **ROYALTY.**

(a) Licensee shall pay Licensor a royalty in the aggregate amount of seven percent (7%) of Net Sales (the ***"Worldwide Royalty"***) actually received by Licensee from the sale of any Licensed Product in any country other than the United States.

(b) Licensee shall pay Licensor a royalty equal to the sum of (i) seven percent (7%) of the first US$ 10,000,000 of Net Sales resulting from the sale of any Licensed Product in the United States, and (ii) ten percent (10%) of Net Sales for all amounts of Net Sales resulting from the sale of any Licensed Product in the United States in excess of the first $ 10,000,000 of Net Sales (the ***"US Royalty"*** , together with the Worldwide Royalty, and without distinction between them, the ***"Royalty"***).

3.3 **REPORT** . Beginning in the first calendar quarter after the Effective Date in which there is a Royalty Bearing Sale, within forty-five (45) days after the close of each calendar quarter during the term of this Agreement, Licensee will submit to Licensor a written report which will show the total number of the Licensed Products as to which Royalty Bearing Sales were made during such quarter, the aggregate Net Sales received by Licensee during such quarter and the amount of Royalties payable to Licensor by Licensee under this Agreement for such quarter.

3.4 **PAYMENT AND AUDIT** . Licensee shall pay the Royalty for each quarter to Licensor pursuant to Section 3.2 on a quarterly basis within sixty (60) days after the end of each quarter. Sales made in foreign currency will be determined in the foreign funds for the country in which the Licensed Products are sold, and then converted into equivalent United States dollars at the rate of exchange for selling funds as published by the Wall Street Journal (or its successor publication) for the last business day prior to payment. Upon reasonable notice to Licensee, Licensor shall have the right to have an independent certified public accountant (the **" CPA "**), selected by Licensor and reasonably acceptable to Licensee, audit Licensee's records, during normal business hours, to verify the Royalties payable by Licensee to Licensor; provided , however , that such audit shall not take place more frequently than once a year and shall not cover such records for more than the preceding two (2) years. The accountant shall only report to Licensor as to the accuracy of the payments paid by Licensee to Licensor, and in the event of any inaccuracy, the correct amount of such payment. Licensee shall promptly pay to Licensor the amount of any underpayment determined in such audit. Such audit shall be at Licensor's expense unless the audit identifies greater than ten percent (10%) error, in which case such audit shall be at Licensee's expense. Licensee shall preserve and maintain all such records and accounts required for audit for a period of two (2) years after the calendar quarter for which the record applies. The CPA and Licensor shall be required to agree to keep all such financial and business information of Licensee being examined confidential and not disclose such information to any third party or use same for any purpose other than as contemplated in this Agreement; and, if so requested by Licensee, shall sign a confidentiality agreement prepared by Licensee for such purpose.

ARTICLE 4
PATENT APPLICATIONS AND MAINTENANCE; ENFORCEMENT

4.1 PROSECUTION AND MAINTENANCE. Licensor has the right to control all aspects of filing, prosecuting, and maintaining all of the patents and patent applications that form the basis for the Licensed Patents, including foreign filings and patent cooperation treaty filings. Licensee agrees to perform all actions and execute or cause to be executed all documents necessary to support such filing, prosecution or maintenance. Licensor shall: (i) keep Licensee reasonably informed as to the application for, prosecution of and maintenance of the forgoing patent application; (ii) furnish to Licensee copies of documents relevant to any such application, prosecution and maintenance; (iii) allow Licensee reasonable opportunity to comment on documents filed with any governmental entity that could affect the nature or scope of such patent applications or patent to be issued thereunder; and (iv) obtain Licensee's consent prior to acting or refraining from acting in respect of prosecuting or maintaining any of the patent applications encompassed within the SHS.

4.2 NOTICE OF INFRINGEMENT. Each Party shall promptly advise the other in writing of any (i) known acts of potential infringement of the Licensed Patents by any third party; and (ii) allegations that the SHS (or any part thereof) infringes on the rights of any third party.

4.3 ENFORCEMENT.

(a) Licensor has the first option to police the Licensed Patents against infringement by other parties within the Territory. The right to police includes defending any action for declaratory judgment of non-infringement or invalidity; and prosecuting, defending or settling all infringement and declaratory judgment actions at its expense and through counsel of its selection. Licensee shall provide reasonable assistance to Licensor with respect to such actions, but only if Licensor reimburses Licensee for expenses incurred in connection with any such assistance rendered at Licensor's request. Licensor shall defend, indemnify and hold harmless Licensee with respect to any counterclaims asserted by an alleged infringer reasonably related to the enforcement of the Licensed Patents under this Section, including, without limitation, antitrust counterclaims; provided, however that Licensor shall have no obligation to defend, indemnify or hold Licensee harmless with respect to any such counterclaim that arise from Licensee's gross negligence or willful misconduct. If Licensor undertakes to enforce and/or defend the Licensed Patents by litigation, Licensor shall pay all costs thereof and shall be entitled to all damages recovered in any such litigation. If within six (6) months after Licensor was first notified of such infringement, Licensor has not brought a suit against any third party referred to in this Section or caused such possible infringement to be discontinued on terms acceptable to Licensee, then Licensee shall have the right, in its sole discretion, but not the obligation, to bring suit against such third party, in Licensee's name if possible. Licensee shall bear all the expenses of any suit brought by Licensee and Licensee shall retain all damages or other monies awarded, or received in settlement of such suit (which amount shall be treated as Net Sales and subject to the Royalty) . Licensor will cooperate with Licensee in any such suit being prosecuted by Licensee and shall take such actions and provide such assistance as Licensee shall request in connection with the prosecution of such suit including, but not limited to, being joined or otherwise named as a plaintiff in any such suit.

(b) Upon becoming aware of any claim, counter-claim, demand or other action that is initiated, brought or threatened by a third party seeking to invalidate, reexamine or otherwise abrogate any of the Licensed Patents, each Party shall each promptly notify the other in writing. Should Licensor elect not to defend one or more of the Licensed Patents against the claim, counter-claim, demand or other action, Licensor shall provide Licensee the opportunity in Licensee's discretion to defend such claim, counter-claim, demand or other action, and Licensor will cooperate with Licensee in any such defense and shall take such actions and provide such assistance as Licensee shall request; provided, however, that Licensee shall directly bear all of its costs and expenses (including attorneys' fees) pursuant to Licensee's election to defend such action.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 CORPORATE EXISTENCE AND POWER. Each Party represents and warrants to the other that it (a) is a corporation duly organized, validly existing and in good standing under the laws of the state in which it is incorporated, and (b) has full corporate power and authority and the legal right to own and operate its property and assets and to carry on its business as it is now being conducted and is contemplated in this Agreement.

5.2 AUTHORITY. Each Party represents and warrants to the other that it (a) has the requisite power and authority and the legal right to enter into this Agreement and perform its obligations hereunder; (b) has taken all necessary action on its part required to authorize the execution and delivery of the Agreement and the performance of its obligations hereunder; and (c) the Agreement has been duly executed and delivered on behalf of such Party, and constitutes a legal, valid and binding obligation of such Party and is enforceable against it in accordance with its terms.

5.3 ABSENCE OF LITIGATION. Licensor represents and warrants to Licensee that: (i) it is not aware of any pending or threatened litigation (and has not received any communication relating thereto) which alleges that Licensor's activities, with respect to the Licensed Patents or otherwise related to this Agreement, have infringed or misappropriated, or that by conducting the activities as contemplated herein by Licensee would infringe or misappropriate, any of the intellectual property rights of any other person; (ii) it owns all worldwide rights, title and interests in and to the SHS (including the trademarks included therein), and the patents and patent applications listed in Exhibit B attached hereto and that the descriptions of the SHS set forth on Exhibit A hereto are true, correct and complete descriptions thereof; (iii) it is not aware of any person or entity which is infringing, misappropriating or otherwise transgressing upon the SHS or Licensed Patents; (iv) none of the intellectual property included within the SHS is invalid, unenforceable, or otherwise impaired such that it cannot be enjoyed to its purported full extent; (v) Exhibit A includes all technology and related intellectual property that is material to the manufacture and sale of the SHS as part of the Licensed Product; (vi) as of the Effective Date is not aware of any rights of any person or entity that are or could reasonably believed to be infringed by the making, using or selling of the SHS as part of the Licensed Product; and (vii) attached as **EXHIBIT C** is an executive summary prepared by Licensor's patent attorneys regarding the SHS.

5.4 **NO APPROVALS OR CONSENTS.** Except as otherwise described in this Agreement, each Party represents and warrants to the other that all necessary consents, approvals and authorizations of all governmental authorities and other persons or entities required to be obtained by such Party in connection with entry into this Agreement have been obtained.

5.5 **NO CONFLICT.** Each Party represents and warrants to the other that the execution and delivery of the Agreement by such Party and the performance of such Party's obligations hereunder (a) do not conflict with or violate any requirement of applicable law or regulation or any provision of articles of incorporation or bylaws of such Party in any material way, and (b) do not conflict with, violate or breach or constitute a default or require any consent under, any contractual obligation or court or administrative order by which such Party is bound.

5.6 **No Third Party IP** . No Third Party Intellectual Property Rights are required for the exploitation of the License, including without limitation for the manufacture, distribution, sale or otherwise use of the Product set forth in Exhibit A.

ARTICLE 6
INDEMNITY

6.1 Licensor's Indemnity. Licensor shall at all times during the term of this Agreement and thereafter indemnify, defend and hold Licensee (and its directors, officers, employees, and Affiliates) harmless from and against any and all Damages incurred or suffered by Licensee (and its directors, officers, employees, and Affiliates) (excluding incidental or consequential Damages suffered or incurred by Licensee directly (as opposed to incidental or consequential Damages suffered or incurred by third parties who are, in turn, seeking the same from Licensee, which shall be covered by the indemnity set forth herein)) as a consequence of third party claims or actions based upon:

(a) any breach of any representation or warranty made by Licensor in this Agreement; or

(b) any failure to perform duly and punctually any covenant, agreement or undertaking on the part of Licensor contained in this Agreement.

(c) infringements or claims of infringements in relation to the SHS on any intellectual property rights of any other person.

(d) the design of the SHS.

6.2 LICENSEE'S INDEMNITY. Licensee shall at all time during the term of this Agreement and thereafter, indemnify, defend and hold Licensor (and its directors, officers, employees, and Affiliates) harmless from and against any and all Damages incurred or suffered by Licensor (and its directors, officers, employees, and Affiliates) (excluding incidental or consequential Damages suffered or incurred by Licensor directly (as opposed to incidental or consequential Damages suffered or incurred by third parties who are, in turn, seeking the same from Licensor, which shall be covered by the indemnity set forth herein)) as a consequence of third party claims or actions based on:

(a) any breach of any representation or warranty made by Licensee in this Agreement; or

(b) any failure to perform duly and punctually any covenant, agreement or undertaking on the part of Licensee contained in this Agreement.

ARTICLE 7
TERMINATION

7.1 TERMINATION. Anything herein to the contrary notwithstanding, this Agreement may be terminated as follows:

(a) Termination for Bankruptcy. If either Licensee or Licensor (i) makes a general assignment for the benefit of creditors; (ii) files an insolvency petition in bankruptcy; (iii) petitions for or acquiesces in the appointment of any receiver, trustee or similar officer to liquidate or conserve its business or any substantial part of its assets; (iv) commences under the laws of any jurisdiction any proceeding involving its insolvency, bankruptcy, reorganization, adjustment of debt, dissolution, liquidation or any other similar proceeding for the release of financially distressed debtors; or (v) becomes a party to any proceeding or action of the type described above in (iii) or (iv) and such proceeding or action remains undismissed or unstayed for a period of more than ninety (90) days, then the other Party may by written notice terminate this Agreement in its entirety with immediate effect.

(b) Termination for Default.

(i) Licensee and Licensor each shall have the right to terminate this Agreement for default upon the other Party's uncured failure to comply in any material respect with the terms and conditions of this Agreement. At least sixty (60) days prior to any such termination for default, the Party seeking to so terminate shall give the other written notice of its intention to terminate this Agreement in accordance with the provisions of this Section 7.1(b)(i), which notice shall set forth the default(s) which form the basis for such termination. If the defaulting Party fails to correct such default(s) within sixty (60) days after receipt of notification, or if the same cannot reasonably be corrected or remedied within sixty (60) days, or if the defaulting Party has not commenced curing such default(s) within such sixty (60) days and is not diligently pursuing completion of same, then such non-defaulting Party immediately may terminate this Agreement.

(ii) This Section 7.1(b) shall not be an exclusive remedy and shall not be in lieu of any other remedies available to a Party hereto for any default hereunder on the part of the other Party.

7.2 RIGHTS UPON TERMINATION. In the event of termination of this Agreement **:**

(a) By Licensor under Section 7.1(b)(i) or Section 7.1(a), then the License shall automatically and immediately terminate.

(b) By Licensee under Section 7.1(b)(i), then Licensee shall retain all of the rights under the License, subject to the Royalty payments set forth in Section 3.2.

7.3 EFFECT OF TERMINATION. Upon any termination of this Agreement pursuant to this Article, and except as provided herein to the contrary, all rights and obligations of the Parties hereunder shall cease, except that the following rights and obligations shall survive:

(a) Any rights to payment of Royalties arising or accrued prior to the effective date of termination;

(b) Any cause of action or claim of either Party accrued or to accrue because of any breach or default by the other hereunder;

(c) Subject to payment of the Royalty, Licensee shall have the right to sell its remaining inventory of Licensed Products which shall then be stored at Licensee's facilities or under issued orders from its customers and issued orders to its suppliers and contractors at the time of termination (and for such purpose the License, including without limitation the right hereunder to use any applicable trademark, shall continue).

(d) The provisions of Articles 1, 6, 8 and 9 hereof; and

(e) All other terms, provisions, representations, rights and obligations contained in this Agreement that by their sense and context are intended to survive until performance thereof by either or both Parties.

ARTICLE 8
ADDITIONAL COVENANTS AND AGREEMENTS OF THE PARTIES

8.1 CONFIDENTIAL INFORMATION.

(a) All Confidential Information furnished under this Agreement by the Disclosing Party shall remain the sole and exclusive property of the Disclosing Party or a third party providing such information to the Disclosing Party. Neither Party shall disclose, reproduce, use, distribute, reverse engineer or transfer, directly or indirectly, in any form, by any means or for any purpose the Confidential Information of the other Party, except as expressly permitted by this Agreement or for the performance of the License. Disclosure of Confidential Information does not confer upon the Receiving Party any license, interest or rights in any Confidential Information except as provided under this Agreement. Each Party shall require its employees to abide by the restrictions of this Agreement and the receiving party shall only allow its independent contractors access to Confidential Information upon: (i) the Disclosing Party’s prior written consent; and (ii) such contractors executing a nondisclosure agreement with restrictions no less protective of the Confidential Information than this Agreement. Subject to the terms set forth herein, each party shall protect the other party’s Confidential Information with the same degree of protection and care it uses to protect its own Confidential Information, but in no event less than reasonable care. The obligations of the Parties under this Section 8.1(a) shall survive the term of this Agreement by five (5) years.

(b) Nothing in this Section 8.1 shall prohibit or limit the Receiving Party's disclosure of Confidential Information pursuant to a requirement of a governmental agency or by operation of law so long as the Receiving Party first notifies the Disclosing Party prior to disclosure in order to give the Disclosing Party an opportunity to seek an appropriate protective order and/or waive compliance with the terms of this Agreement. In this case disclosure shall include only that part of the Confidential Information that the Receiving Party is required to disclose.

(c) The Receiving Party shall not export or re-export any of the Disclosing Party's Confidential Information, technical data or products received from the Disclosing Party or the direct products of such Confidential Information's technical data to any proscribed country, unless authorized by the disclosing party in writing, and as properly authorized by any applicable regulation of the U.S. government.

(d) The Receiving Party acquires no Intellectual Property rights from the Disclosing Party under this Agreement, except for the restricted right to use Disclosing Party's Confidential Information for the express, limited purposes permitted by this Agreement.

(e) The Receiving Party shall be responsible in all cases for the enforcement of all confidentiality and non-disclosure provisions contained herein as they pertain to the Disclosing Party's Confidential Information, and shall bear all liability for any violations of these provisions by its subsidiaries, Affiliates, joint ventures, consultants, agents, third party contractors and related persons or entities that are controlled by or under common ownership and control of the Receiving Party.

(f) The Parties acknowledge that they do not desire to receive any Confidential Information that is not reasonably necessary or appropriate to the performance of this Agreement or that is not otherwise requested by the Receiving Party. Each party agrees to use commercially reasonable efforts to avoid such disclosures of Confidential Information to the other.

8.2 GOVERNMENTAL FILINGS. Licensor and Licensee each agree to prepare and file whatever filings, requests or applications are required to be filed with any governmental authority in connection with this Agreement and to cooperate with one another as reasonably necessary to accomplish the foregoing.

8.3 USE OF NAMES. Neither Party shall use the name of the other Party in any publications or press releases without the prior written consent of the other Party. Notwithstanding the foregoing, Licensor and Licensee shall each have the right to issue a press release announcing the execution of this Agreement containing only the names of the parties and the nature of this Agreement; provided that such press release shall in no event include any of the monetary terms hereof or terms regarding Licensee's equity interest in Licensor as contemplated hereby. Each Party shall provide the other with a copy of any such press release prior to the issuance thereof.

ARTICLE 9
MISCELLANEOUS

9.1 ASSIGNMENT. Neither Party shall assign this Agreement to a third party without the other Party's prior written consent; provided, however, that a Party may assign this Agreement to any purchaser of all or substantially all of its assets or business or share capital (by merger, asset sale, equity sale or otherwise) without the other Party's consent. Subject to the aforesaid, any attempted pledge of any of the rights under this Agreement or assignment of this Agreement without the prior consent of the non-assigning Party shall be void. No permitted assignment by a Party will be effective until the intended assignee agrees in writing to accept all of the terms and conditions of this Agreement.

9.2 BINDING UPON SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of the Parties.

9.3 FURTHER ACTIONS. Each Party agrees to execute, acknowledge and deliver such further instruments, and to do all such other acts, as may be necessary or appropriate in order to carry out the purposes and intent of this Agreement.

9.4 NO TRADEMARK RIGHTS. Except as otherwise provided herein, no right, express or implied, is granted by this Agreement to use in any manner the name of Licensor, Licensee or any other trade name or trademark of the either Party or its Affiliates in connection with the performance of this Agreement.

9.5 NOTICES. All notices hereunder shall be in writing and shall be deemed given if delivered personally or by facsimile transmission (followed by mailed hard copy), mailed by registered or certified mail (return receipt requested), postage prepaid, or sent by express courier service, to the Parties at the addresses for each set forth below (or at such other address for a Party as shall be specified by like notice, provided, that notices of a change of address shall be effective only upon receipt thereof):

If to Licensor:
Svelte Medical Systems, Inc.
657 Central Avenue
New Providence, New Jersey 07974
Fax: 908.728.9981

with a copy to:
Honigman Miller Schwartz and Cohn LLP
Attention: Phillip D. Torrence, Esq.
350 East Michigan Avenue, Suite 300
Kalamazoo, Michigan 49007
Fax: 269.337.7703

If to Licensee: INSPIRE-MD LTD.
Attention: Ofir Paz
3 Menorat Hamaor St.,
Tel Aviv, Israel
Fax: +972-3-6917692

9.6 WAIVER. Except as specifically provided for herein, the waiver from time to time by either of the Parties of any of their rights or their failure to exercise any remedy shall not operate or be construed as a continuing waiver of same or of any other of such Party's rights or remedies provided in this Agreement.

9.7 SEVERABILITY. If any term, covenant or condition of this Agreement or the application thereof to any Party or circumstance shall, to any extent, be held to be invalid or unenforceable, then the remainder of this Agreement, or the application of such term, covenant or condition to the Parties or under circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant or condition of this Agreement shall be valid and be enforced to the fullest extent permitted by law.

9.8 GOVERNING LAW; ARBITRATION . This Agreement shall be governed by and construed in accordance with the internal laws of the State of New Jersey, without regard to its principles of conflicts of laws. Any controversy or claim arising out of or relating to this contract, or the breach thereof, shall be determined in arbitration administered by the International Centre for Dispute Resolution in accordance with its International Arbitration Rules. The number of arbitrators shall be three (3). The place of the arbitration shall be the United Kingdom. The language of the arbitration shall be English.

9.9 COLLECTION COSTS AND ATTORNEYS' FEES . If a Party shall fail to perform an obligation or otherwise breaches one or more of the terms of this Agreement, the other Party may recover from the non-performing breaching Party all its costs (including actual attorneys' and investigative fees) to enforce the terms of this Agreement.

9.10 ENTIRE AGREEMENT. This Agreement, including any appendices, exhibits or schedules hereto, constitutes the entire, full and complete agreement between the Parties concerning the subject matter hereof, and supersedes all prior agreements, negotiations, representations and discussions, written or oral, express or implied, between the Parties in relation thereto. This Agreement cannot be modified, except by a separate written instrument signed by both parties.

9.11 COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument.

SIGNATURES ON THE FOLLOWING PAGE

IN WITNESS WHEREOF , Licensor and Licensee have made this Agreement effective as of the date first set forth above.

LICENSOR:

SVELTE MEDICAL SYSTEMS, INC.

By: _____
Name:
Title:

LICENSEE:

INSPIRE MD

By: _____
Name:
Title:

SIGNATURE PAGE TO LICENSE AGREEMENT

EXHIBIT A

SPECIFICATIONS

EXHIBIT B

LICENSED PATENTS

ISSUED PATENTS

TITLE	U.S.	FILING DATE	FIRST NAMED INVENTOR APPLICATION #

PENDING U.S. APPLICATIONS

TITLE	U.S.	FILING DATE	FIRST NAMED INVENTOR APPLICATION #

PENDING FOREIGN APPLICATIONS

TITLE	COUNTRY	FILING DATE	FIRST NAMED INVENTOR APPLICATION #

P ERSONAL EMPLOYMENT AGREEMENT

THIS AGREEMENT (the " **Agreement** ") is made and entered into this **April, 1st, 2005** (the " **Effective Date** "), by and between InspireMD Ltd., an Israeli corporation (the " **Company** "), and **Ofir Paz** I.D. No. **022139473** of **22 HaTabor St., 75238 Rishon Leziyon** (the " **Employee** ").

WHEREAS , Employee wishes to be employed by Company and Company agrees to employ Employee, as of the Commencement Date of Employment and throughout the Term (as such terms are defined hereunder): and;

WHEREAS the parties wish to regulate their relationship in accordance with the terms and conditions set forth in this Agreement;

NOW, THEREFORE , in consideration of the mutual premises, covenants and undertakings contained herein, the parties hereto have hereby agreed as follows:

1. **Representations and Warranties**

Employee represents and warrants to Company that as of the Commencement Date of Employment –

1.1. Employee is free to be employed by the Company pursuant to the terms contained in this Agreement and there are no contracts, impediments, and/or restrictive covenants preventing full performance of the Employee's duties and obligations hereunder.

1.2. Employee has not been indicted and/or found guilty of any criminal act of moral turpitude.

1.3. Employee has the requisite qualifications, knowledge and experience to perform his obligations under this Agreement.

Company represents and warrants that there is no impediment preventing it from entering into this Agreement with Employee.

2. **Term of Agreement**

2.1. Employee's employment with Company shall commence on the Effective Date (the " **Commencement Date of Employment** ") and shall continue until terminated in accordance with the provisions of Section 7 hereof (the " **Term** ").

3. **Position**

3.1. Employee shall be employed by Company in the position of **President** (the " **Position** ") and shall devote **75%** of his business time in said position. .

3.2. During Employee's employment with Company, Employee shall have the authority, functions, duties and responsibilities, as from time to time may be stipulated by .

3.3. It is hereby acknowledged and agreed that Employee's Position in the Company shall be deemed a senior position and/or one which requires a special degree of trust, and/or is a position which does not enable the Company to supervise the work and rest hours of the Employee; therefore, the provisions of The Work and Rest Hours Law, 1951 (the " **Work and Rest Hours Law** "), do not and shall not apply to Employee's employment with Company.

3.4. It is hereby further stated that the Salary, as defined hereinafter, is agreed herein on the mutual assumption that the Work and Rest Hours Law is not applicable as aforesaid. If however, Employee or anyone on his behalf (including heirs) claims that the Work and Rest Hours Law is applicable to Employee's employment,

4. **Employee's Duties**

Employee affirms and undertakes throughout the Term:

4.1. To devote no less than **75%** of his working time, know-how, energy, expertise, talent, experience and best efforts to the business and affairs of the Company and to the performance of his duties with Company.

4.2. To perform and discharge well and faithfully, with devotion, honesty and fidelity, his obligations pursuant to his Position.

4.3. To comply with the directives of the Company's Board of Directors.

4.4. To travel abroad from time to time if and as may be required pursuant to his Position.

4.5. Not to receive, at all times, whether during the Term and/or at any time thereafter, directly or indirectly, any payment, benefit and/or other consideration, from any third party in connection with his employment with Company, without the Company's prior written authorization.

4.6. To immediately and without delay inform his managers of any affairs and/or matters that might constitute a conflict of interest with Employee's Position and/or employment with Company.

4.7. Not to use any trade secrets or proprietary information in such a manner that may breach any confidentiality and/or other obligation Employee may have undertaken relating to any former employer(s) and/or any third party.

5. **Compensation**

5.1. Subject to and in consideration of Employee's fulfillment of his obligations in pursuance of this Agreement, Company shall pay Employee a monthly gross salary in the amount of NIS **44,000** (the " **Salary** ").

5.2. The Salary shall be payable by no later than the ninth (9th) day of the consecutive calendar month following the calendar month of employment to which the payment relates.

5.3. Israeli income tax and other applicable withholdings with respect to the Salary have been and shall be deducted from the Salary by the Company at source.

5.4. The Salary shall serve as the basis for deductions and contributions to managers' insurance policy and advanced study fund (*keren hishtalmut*) pursuant to sections 6.1 and 6.2 hereunder, and for the calculation of all social benefits.

6. **Social and Fringe benefits**

6.1. **Managers' Insurance**

6.1.1. Company shall contribute an aggregate monthly amount equal to up to 15.83% of the Salary as premium on a Managers' Insurance (*Bituach Menahalim*) policy of Employee's choice which shall include a possibility of an insurance pension fund. (" **Managers' Insurance Policy** ").

6.1.2. The abovementioned contributions by Company shall be as follows: 8.33% towards severance pay, 5% towards compensatory payments, and Company's contribution towards disability insurance, shall be in accordance with an insurance policy for disability allowance, as such insurance is approved by the Minister of Labor and Social Welfare, up to 2.5% of the Salary, or up to the sum which shall provide for a disability allowance equal to seventy five percent (75%) of the Employee's Salary during the disability period of Employee, the lesser of the two.

6.1.3. Employee shall contribute, and for that purpose Employee irrevocably authorizes and instructs Company to deduct from his Salary at source, an aggregate monthly amount equal to 5% of the Salary to such Managers' Insurance Policy.

6.1.4. Employee shall bear any and all taxes in connection with amounts paid by Employee and/or Company to the Managers' Insurance Policy pursuant to this Section 6.1.

6.1.5. Company and Employee, respectively declare and covenant that as evidenced by their respective signatures, they hereby undertake to be bound by the general settlement authorized as of 9.6.98 pertaining to Company's payment to the benefit of pension funds and insurance funds, in place of severance payment in pursuance of the Severance Payment Act (1963), attached hereto as **Exhibit "A"** .

6.1.6. Further to subsection 6.1.5 above, Company hereby forfeits any right it may have in the reimbursement of sums paid by Company into the above mentioned Manager's Insurance Policy, except in the event: (i) that Employee withdraws such sums from the Manager's Insurance Policy, other than in the event of death, disability or retirement at the age of 60 or more; or (ii) of the occurrence of any of the events provided for in Sections 16 and 17 of the Severance Pay Law, 1963.

6.1.7. It is further agreed that such payment contribution made by Company towards the Manager's Insurance Policy as above mentioned, shall be in place of severance payment due to Employee under any circumstances in which Employee shall be entitled to severance payment subject to the applicable law, including but not limited to the Severance Payment Law (1963).

6.2. **Advanced Study Fund**

6.2.1. Company shall contribute an aggregate monthly amount equal to 7.5% of the Salary towards an advanced study fund (*Keren Hishtalmut*) (the " **Advanced Study Fund** ") acceptable to Company.

6.2.2. In addition, Employee shall contribute, and for that purpose, Employee hereby irrevocably authorizes and instructs Company to deduct from his Salary at source, an aggregate monthly amount equal to 2.5% of the Salary as Employee's participation in such Advanced Study Fund.

6.2.3. Employee shall bear any and all taxes applicable in connection with amounts payable by Employee and/or Company to the Advanced Study Fund pursuant to this Section 6.2.

6.2.4. In the event of a Termination for Cause (as defined hereinafter) Employee shall only be entitled to his accumulated contributions to the Advanced Study Fund.

6.3. **Vacation**

6.3.1. Employee shall be entitled to an annual leave of **18** working days per year of employment.

6.3.2. Each such leave shall be scheduled with adequate regard to the needs of the Company.

6.3.3. Accrual and/or redemption of unused annual leave days, if any, shall be governed by the provisions of the Annual Leave Law regarding such accrual and/or redemption.

6.4. **Sick Leave**

Employee shall be entitled to sick leave in accordance with the provisions of the Sickness Pay Law - 1976. Notwithstanding the foregoing, Employee shall be entitled to full sick leave pay commencing upon the first day of illness.

6.5. **Recreation Pay**

Employee shall be entitled to annual recreation pay (*Dmey Havra'a*) in an amount to be determined in accordance with Israeli regulations as in effect from time to time with respect to such pay.

6.6. **Expenses**

6.6.1. Company shall reimburse Employee for any out-of-pocket expenses from time to time properly incurred by Employee in connection with his employment by Company, provided that such expenses have been approved in advance by Company. As a condition to such reimbursement, Employee shall provide Company with copies of all invoices, receipts and other evidence of expenditures as might be required by Company policy from time to time.

6.6.2. Company shall reimburse Employee cellular phone bills up to 70% of the actual phone bill.

6.6.3. Company shall reimburse Employee car expenses incurred by Employee in connection with his employment by Company, in an amount calculated per milage "heshev", provided that such reimbursement shall not exceed NIS 3000 per month.

6.7. Salary Other Considerations:

6.7.1. Not applicable

6.8. **Military Reserve Duty**

6.8.1. Employee shall inform the Board of Directors of any military reserve duty Employee has been ordered to perform, immediately after he has been notified of the same.

6.8.2. In the absence of Employee, due to military reserve duty, Employee shall be entitled to receive his Salary, including payments for social benefits and other rights to which Employee is entitled pursuant to this Agreement.

6.8.3. Employee undertakes to provide Company with proper confirmation of active military reserve duty, so that Company may collect from the National Insurance Institute all amounts to which Employee and/or Company is entitled in connection with such service.

7. **Term and Termination**

7.1. Either party may, at any time, during the Term, furnish the other party hereto with a written notice that this Agreement is terminated (the " **Termination Notice** "). The Termination Notice may be with or without cause and must be furnished to the other party at least **180** days prior to the Termination Notice having effect (the " **Notice Period** "). In the event of a Termination Notice furnished by the Company prior to completion of the six-month period following the Commencement Date of Employment, the Notice Period shall be the longer of six (6) months and that period commencing upon the date the Termination Notice is furnished and ending upon the completion of the aforesaid six-month period.

7.2. In the event that a Termination Notice is delivered by either party hereto, the following shall apply:

7.2.1. During the Notice Period, Employee shall be obligated to continue to discharge and perform all of his duties and obligations with Company and to take all steps, satisfactory to the Company, to ensure the orderly transition to any persons designated by Company of all matters handled by Employee during the course of his employment with Company.

7.2.2. Notwithstanding the provisions of Section 7.2.1 above to the contrary, by notifying Employee concurrently with or at any time after a Termination Notice is delivered by either party hereto, Company shall be entitled to waive Employee's services with Company during the Notice Period or any part thereof and/or terminate the employer-employee relationship prior to the completion of the Notice Period. In such events Company shall pay Employee that sum equal to the compensatory payment as required by, and in accordance with, the Prior Notice Law, 2001.

For the removal of doubt, it is clarified that, in the event Company waives any and/or all of Employee's services with Company during the Notice Period as aforesaid, Employee shall, immediately, upon receipt of notice of such waiver, return to Company any and all equipment provided to him for purposes of the performance of his duties under this Agreement.

7.3. The provisions of Sections 7.1 and 7.2 above notwithstanding, Company, by furnishing a notice to Employee, shall be entitled to terminate his employment with Company with immediate effect where said termination is a Termination for Cause. In the event of such termination, without derogating from the rights of Company under this Agreement and/or any applicable law, Employee shall not be entitled to severance pay and/or to any of the consideration specified in Section 7.2 above and/or to Company's contributions to the Advanced Study Fund. In addition, and in the event of the occurrence of the circumstances set forth in Section 6.1.6 above, Employee shall not be entitled to the severance pay component in the Managers' Insurance Policy and/or to Company's contributions to the compensatory payments component in the Manager's Insurance Policy.

7.4. As used in this Agreement, the term " **Termination for Cause** " shall mean termination of Employee's employment with Company as a result of the occurrence of any one of the following: (i) Employee has committed a dishonorable criminal offense; (ii) Employee is in breach of his duties of trust or loyalty to Company; (iii) Employee deliberately causes harm to Company's business affairs; (iv) Employee breaches the confidentiality and/or non-competition and/or non-solicitation and/or assignment of inventions provisions of this Agreement; and/or (v) circumstances that do not entitle Employee to severance payments under any applicable law and/or under any judicial decision of a competent tribunal.

7.5. Notwithstanding anything to the contrary in Section 7.2 above and without derogating from Company's rights pursuant to any applicable law, in the event that Employee shall terminate his employment with Company with immediate effect or upon shorter notice than the Notice Period, Company shall have the right to offset the Salary and/or any benefits to which Employee shall have otherwise been entitled for his employment hereunder during the Notice Period, or any part thereof, as the case may be, from any other payments payable to Employee.

8. **General Provisions**

8.1. Employee shall not be entitled to any additional bonus, payment or other compensation in connection with his employment with Company, other than as provided herein or as determined by the Company's Board of Directors.

8.2. Company shall withhold, or charge Employee with, all taxes and other compulsory payments as required under applicable law with respect to all payments, benefits and/or other compensation paid to Employee in connection with his employment with Company.

8.3. Company shall be entitled to offset from any and/or all payments to which Employee shall be entitled thereof, any and/or all amounts to which Company shall be entitled from Employee at such time, provided however that, in connection with the Options and/or Shares only, any offset under this Section 8.3, shall be limited to amounts to which Company shall be entitled from Employee due to payment of taxes and other compulsory payments in connection with the Options and/or Shares.

8.4. Company's failure or delay in enforcing any of the provisions of this Agreement shall not, in any way, be construed as a waiver of any such provisions, or prevent Company thereafter from enforcing each and every other provision of this Agreement which were previously not enforced.

8.5. Notices given hereunder shall be in writing and shall be deemed to have been duly given on the date of personal delivery, on the date of postmark if mailed by certified or registered mail, or on the date sent by facsimile upon transmission and electronic confirmation of receipt or (if transmitted and received on a non-business day) on the first business day following transmission and electronic confirmation of receipt, addressed as set forth above or such other address as either party may designate to the other in accordance with the aforesaid procedure.

8.6. This Agreement shall be interpreted and construed in accordance with the laws of the State of Israel. The parties submit to the exclusive jurisdiction of the competent courts of the State of Israel in any dispute related to this Agreement.

8.7. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matters hereof, supersedes all prior agreements and understandings between the parties with respect thereto.

8.8. Captions and paragraph headings used in this Agreement are for convenience purposes only and shall not be used for the interpretation thereof.

8.9. This Agreement shall not be amended, modified or varied by any oral agreement or representation other than by a written instrument executed by both parties or their duly authorized representatives.

IN WITNESS WHEREOF , the parties hereto have hereby duly executed this Agreement on the day and year first set forth above.

InspireMD Ltd. ,
By: _____
Title:_____
Date: **April, 1st, 2005**

_____
Ofir Paz
Date: **April, 1st, 2005**

Exhibit "A"

GENERAL APPROVAL REGARDING PAYMENTS BY EMPLOYERS TO A PENSION FUND AND INSURANCE FUND IN LIEU OF SEVERANCE PAY

By virtue of my power under section 14 of the Severance Pay Law, 1963 (hereinafter: the " **Law** "), I certify that payments made by an employer commencing from the date of the publication of this approval publication for his employee to a comprehensive pension benefit fund that is not an insurance fund within the meaning thereof in the Income Tax (Rules for the Approval and Conduct of Benefit Funds) Regulations, 1964 (hereinafter: the " **Pension Fund** ") or to managers insurance including the possibility of an insurance pension fund or a combination of payments to an annuity fund and to a non-annuity fund (hereinafter: the " **Insurance Fund**), including payments made by him by a combination of payments to a Pension Fund and an Insurance Fund, whether or not the Insurance Fund has an annuity fund (hereinafter: the " **Employer's Payments**), shall be made in lieu of the severance pay due to the said employee in respect of the salary from which the said payments were made and for the period they were paid (hereinafter: the " **Exempt Salary** "), provided that all the following conditions are fulfilled:

(1) The Employer's Payments -

(a) To the Pension Fund are not less than $14\frac{1}{3}$% of the Exempt Salary or 12% of the Exempt Salary if the employer pays for his employee in addition thereto also payments to supplement severance pay to a benefit fund for severance pay or to an Insurance Fund in the employee's name in an amount of $2\frac{1}{3}$% of the Exempt Salary. In the event the employer has not paid an addition to the said 12%, his payments shall be only in lieu of 72% of the employee's severance pay;

(b) To the Insurance Fund are not less than one of the following:

(2) $13\frac{1}{3}$% of the Exempt Salary, if the employer pays for his employee in addition thereto also payments to secure monthly income in the event of disability, in a plan approved by the Commissioner of the Capital Market, Insurance and Savings Department of the Ministry of Finance, in an amount required to secure at least 75% of the Exempt Salary or in an amount of $2\frac{1}{2}$% of the Exempt Salary, the lower of the two (hereinafter: " **Disability Insurance** ");

(3) 11% of the Exempt Salary, if the employer paid, in addition, a payment to the Disability Insurance, and in such case the Employer's Payments shall only replace 72% of the Employee's severance pay; In the event the employer has paid in addition to the foregoing payments to supplement severance pay to a benefit fund for severance pay or to an Insurance Fund in the employee's name in an amount of $2\frac{1}{3}$% of the Exempt Salary, the Employer's Payments shall replace 100% of the employee's severance pay.

(4) No later than three months from the commencement of the Employer's Payments, a written agreement is executed between the employer and the employee in which -

(a) The employee has agreed to the arrangement pursuant to this approval in a text specifying the Employer's Payments, the Pension Fund and Insurance Fund, as the case may be; the said agreement shall also include the text of this approval;

(b) The employer waives in advance any right, which it may have to a refund of monies from his payments, unless the employee's right to severance pay has been revoked by a judgment by virtue of Section 16 and 17 of the Law, and to the extent so revoked and/or the employee has withdrawn monies from the Pension Fund or Insurance Fund other than by reason of an entitling event; in such regard "Entitling Event" means death, disability or retirement at after the age of 60.

(5) This approval is not such as to derogate from the employee's right to severance pay pursuant to any law, collective agreement, extension order or employment agreement, in respect of salary over and above the Exempt Salary.

AMENDMENT TO THE EMPLOYMENT AGREEMENT DATED **__05/2005** BY AND BETWEEN Paz ofir__ AND INSPIRE MD LTD

October 01, 2008
(the "Execution Date")

WHEREAS Inspire MD Ltd (the " **Company** ") and __ **Paz ofir** (the " **Employee** ") (collectively the " **Parties** ") have entered into an Employment Agreement dated **05/2005** (the " **Agreement** "), a copy of which is attached hereto as **Annex 1** ; and

WHEREAS the Company wishes to reduce its expenses, including expenses related to the payment of salaries to employees of the Company; and

WHEREAS the Parties wish to amend certain provisions of the Agreement as set forth herein;

NOW, THEREFORE , the Parties agree as follows:

1. The terms of the Agreement have been complied with to date by the Parties.

2. Despite anything to the contrary in the Agreement, as of the Execution Date:

2.1 the gross monthly salary of the Employee shall be reduced by an amount of **15,180** NIS, so that effective as of the Execution Date the gross monthly salary of the Employee shall be **35,420** NIS (the " **Reduced Salary** "); consequently, all social benefits and other statutory rights owed by the Company to the Employee under the Agreement shall be reduced accordingly, and shall derive from and be calculated based upon the Reduced Salary; and

2.2 the right of the Employee to an Education Fund (as such term is defined in the Agreement) is hereby terminated, as a result of which, effective as of the Execution Date, the Company shall cease making any payments to and/or depositing any funds in the Education Fund on behalf of the Employee; and

2.3 the Company shall cease grossing-up all amounts related to the Company's provision of a lunchtime meal (" **Lunch** ") to the Employee, so that the Employee shall be charged a net amount of 7.00 NIS per Lunch; the remaining amount paid by the Company for each such Lunch shall be deemed to be an amount accruing to the Employee in the form of a taxable benefit received from the Company.

3. All other terms and conditions of the Agreement shall remain in effect and unchanged inasmuch as they do not contradict or otherwise conflict with the provisions of this Amendment.

[Signature Page to Follow]

[Signature Page of the Amendment]

IN WITNESS WHEREOF the Parties have executed this Amendment on the Execution Date.

Inspire MD Ltd.		Paz ofir
By:	_____	_____
Title:	_____	
Signature:	_____	

2 nd AMENDMENT TO THE EMPLOYMENT AGREEMENT

This Amendment (the " **Amendment** "), entered into as of March 28, 2011 (the "Effective Date") is made by and between INSPIREMD Ltd. of 3 Menorat Hamaor St., Tel Aviv, Israel, a private company organized and existing under the laws of Israel (the " **Company** "), and Mr. Ofir Paz Israeli ID#_____, residing at _____, Israel (the " **Employee** "; each of the Company and Employee, a "Party" and together, the "Parties").

WHEREAS, the Parties entered into that certain Employment Agreement (the " **Original Agreement** ") dated April 1, 2005;

WHEREAS, on October 1 st , 2008 the Parties amended the Agreement through a written Amendment (the " **1 st Amendment** " and together with the Original Agreement the " **Agreement** ");

WHEREAS, the parties wish to amend the Agreement as detailed in this Amendment.

NOWTHEREFORE, the parties to this Amendment agree as follows:

1. Capitalized terms used herein and not otherwise defined shall have the respective meaning ascribed to them in the Original Agreement.

2. This 2 nd Amendment to the Employment Agreement and all terms and conditions included herein are subject and shall come into effect only following the closing of a reverse merger transaction between the Company and Saguaro Resources Inc (the " **RM** ").

3. Notwithstanding Section 5.1 of the Original Agreement and Section 2.1 of the 1 st Amendment, following the RM the Employee's total Salary shall be NIS55,000.

4. Sections 5.6 and 5.7 of the Original Agreement shall be deleted.

5. Notwithstanding Section 2.2 of the 1 st Amendment, following the RM Section 6.2 (Advanced Study Fund) in its entirety shall return to effect and entitled the Employee.

6. To amend Section 6.3 of the Original Agreement to provide that following the RM the Employee shall be entitled to annual leave of 22 working days.

7. To add new Section 6.8 following the RM as follows:

"6.8 Annual Bonus

Subject to the Company's Board of Directors' Approval and as may be required under the applicable law, the Company's Shareholders Meeting, the Company may pay to the Employees an annual bonus based on certain criteria which shall be determined by the Company's Board of Directors. If such bonus is approved by the Company's organs as aforesaid it shall be of not less than 3 (three) Salaries of the Employee. It is hereby clarified that nothing herein shall be construed as an obligation of the Company to pay the Employee such bonus and same shall be at the sole discretion of the Company as aforesaid. Such bonus shall not be included in the Salary for all purpose and matters."

8. To add new Section 6.9 following the RM as follows:

"6.9 Company Car

6.9.1 During his employment with the Company the Employee shall be entitled to a Company ' s car (whether owned or rented) of class 6 type and size (hereinafter the " Company ' s Car "). The Employee will use the Company ' s Car for carrying out his duties and for the Employee ' s private and family (of first degree) use, subject to the applicable insurance policy. The Company shall bear all the maintenance and usage expenses related to the Company Car. The make, model and year of the car shall be agreed upon between the Company and the employee.

6.9.2 The Employee shall be liable for all traffic tickets and fines (unless it can be shown that the violation was committed by another Company employee), and hereby irrevocably agrees that in the event that the Company shall pay such tickets or fines, the Company shall be entitled to deduct any such payment from the Employee ' s Salary or Employee's other benefit.

6.9.3 Any tax liability that shall be incurred and/or imposed with respect to the Company ' s Car benefit shall be solely borne by the Employee.

6.9.4 The Employee shall be responsible for the full compliance on his and his family ' s part regarding the car policy provisions and the car lease contract which relates to the use of the car.

9. Subject to the Company's Board of Directors' Approval and as may be required under the applicable law, the Company's Shareholders Meeting, following the end of 6-month period following the RM, the Company may grant to the Employees options to purchase the Company's ordinary shares or InspireMD Inc.'s shares of common stock at exercise price and additional terms and conditions determined by the Company.

10. In the event that the Employee chooses to provide his services to the Company as a service provider rather than as an employee under the Agreement; provided however that such change in relation shall not increase the Company's cost (including taxes and other mandatory payments) of the Employee's employment and subject thereto, the Parties shall enter into a service provider agreement in terms and conditions as shall be agreed upon between them.

11. Except for the explicit changes in the Agreement set forth above, the provisions of the Agreement and the 1 st Amendment shall remain in full force and effect without any change.

IN WITNESS HEREOF, the parties hereto have caused this 2 nd Amendment to be signed in their respective names:

INSPIREMD Ltd.	Ofir Paz
Signature: _____	Signature: _____
Name: _____	
Title: _____	

P ERSONAL EMPLOYMENT AGREEMENT

THIS AGREEMENT (the " **Agreement** ") is made and entered into this **April, 1st, 2005** (the " **Effective Date** "), by and between InspireMD Ltd., an Israeli corporation (the " **Company** "), and **Dr. Asher Holzer** I.D. No. **513679431** of **Shlomzion 22 Haifa** (the " **Employee** ").

WHEREAS , Employee wishes to be employed by Company and Company agrees to employ Employee, as of the Commencement Date of Employment and throughout the Term (as such terms are defined hereunder): and;

WHEREAS the parties wish to regulate their relationship in accordance with the terms and conditions set forth in this Agreement;

NOW, THEREFORE , in consideration of the mutual premises, covenants and undertakings contained herein, the parties hereto have hereby agreed as follows:

1. **Representations and Warranties**

Employee represents and warrants to Company that as of the Commencement Date of Employment –

1.1. Employee is free to be employed by the Company pursuant to the terms contained in this Agreement and there are no contracts, impediments, and/or restrictive covenants preventing full performance of the Employee's duties and obligations hereunder.

1.2. Employee has not been indicted and/or found guilty of any criminal act of moral turpitude.

1.3. Employee has the requisite qualifications, knowledge and experience to perform his obligations under this Agreement.

Company represents and warrants that there is no impediment preventing it from entering into this Agreement with Employee.

2. **Term of Agreement**

2.1. Employee's employment with Company shall commence on the Effective Date (the " **Commencement Date of Employment** ") and shall continue until terminated in accordance with the provisions of Section 7 hereof (the " **Term** ").

3. **Position**

3.1. Employee shall be employed by Company in the position of **President** (the " **Position** ") and shall devote **75%** of his business time in said position. .

3.2. During Employee's employment with Company, Employee shall have the authority, functions, duties and responsibilities, as from time to time may be stipulated by .

3.3. It is hereby acknowledged and agreed that Employee's Position in the Company shall be deemed a senior position and/or one which requires a special degree of trust, and/or is a position which does not enable the Company to supervise the work and rest hours of the Employee; therefore, the provisions of The Work and Rest Hours Law, 1951 (the " **Work and Rest Hours Law** "), do not and shall not apply to Employee's employment with Company.

3.4. It is hereby further stated that the Salary, as defined hereinafter, is agreed herein on the mutual assumption that the Work and Rest Hours Law is not applicable as aforesaid. If however, Employee or anyone on his behalf (including heirs) claims that the Work and Rest Hours Law is applicable to Employee's employment,

4. **Employee's Duties**

Employee affirms and undertakes throughout the Term:

4.1. To devote no less than **75%** of his working time, know-how, energy, expertise, talent, experience and best efforts to the business and affairs of the Company and to the performance of his duties with Company.

4.2. To perform and discharge well and faithfully, with devotion, honesty and fidelity, his obligations pursuant to his Position.

4.3. To comply with the directives of the Company's Board of Directors.

4.4. To travel abroad from time to time if and as may be required pursuant to his Position.

4.5. Not to receive, at all times, whether during the Term and/or at any time thereafter, directly or indirectly, any payment, benefit and/or other consideration, from any third party in connection with his employment with Company, without the Company's prior written authorization.

4.6. To immediately and without delay inform his managers of any affairs and/or matters that might constitute a conflict of interest with Employee's Position and/or employment with Company.

4.7. Not to use any trade secrets or proprietary information in such a manner that may breach any confidentiality and/or other obligation Employee may have undertaken relating to any former employer(s) and/or any third party.

5. **Compensation**

5.1. Subject to and in consideration of Employee's fulfillment of his obligations in pursuance of this Agreement, Company shall pay Employee a monthly gross salary in the amount of NIS **44,000** (the " **Salary** ").

5.2. The Salary shall be payable by no later than the ninth (9th) day of the consecutive calendar month following the calendar month of employment to which the payment relates.

5.3. Israeli income tax and other applicable withholdings with respect to the Salary have been and shall be deducted from the Salary by the Company at source.

5.4. The Salary shall serve as the basis for deductions and contributions to managers' insurance policy and advanced study fund (*keren hishtalmut*) pursuant to sections 6.1 and 6.2 hereunder, and for the calculation of all social benefits.

6. **Social and Fringe benefits**

6.1. **Managers' Insurance**

6.1.1. Company shall contribute an aggregate monthly amount equal to up to 15.83% of the Salary as premium on a Managers' Insurance (*Bituach Menahalim*) policy of Employee's choice which shall include a possibility of an insurance pension fund. (" **Managers' Insurance Policy** ").

6.1.2. The abovementioned contributions by Company shall be as follows: 8.33% towards severance pay, 5% towards compensatory payments, and Company's contribution towards disability insurance, shall be in accordance with an insurance policy for disability allowance, as such insurance is approved by the Minister of Labor and Social Welfare, up to 2.5% of the Salary, or up to the sum which shall provide for a disability allowance equal to seventy five percent (75%) of the Employee's Salary during the disability period of Employee, the lesser of the two.

6.1.3. Employee shall contribute, and for that purpose Employee irrevocably authorizes and instructs Company to deduct from his Salary at source, an aggregate monthly amount equal to 5% of the Salary to such Managers' Insurance Policy.

6.1.4. Employee shall bear any and all taxes in connection with amounts paid by Employee and/or Company to the Managers' Insurance Policy pursuant to this Section 6.1.

6.1.5. Company and Employee, respectively declare and covenant that as evidenced by their respective signatures, they hereby undertake to be bound by the general settlement authorized as of 9.6.98 pertaining to Company's payment to the benefit of pension funds and insurance funds, in place of severance payment in pursuance of the Severance Payment Act (1963), attached hereto as **Exhibit "A"** .

6.1.6. Further to subsection 6.1.5 above, Company hereby forfeits any right it may have in the reimbursement of sums paid by Company into the above mentioned Manager's Insurance Policy, except in the event: (i) that Employee withdraws such sums from the Manager's Insurance Policy, other than in the event of death, disability or retirement at the age of 60 or more; or (ii) of the occurrence of any of the events provided for in Sections 16 and 17 of the Severance Pay Law, 1963.

6.1.7. It is further agreed that such payment contribution made by Company towards the Manager's Insurance Policy as above mentioned, shall be in place of severance payment due to Employee under any circumstances in which Employee shall be entitled to severance payment subject to the applicable law, including but not limited to the Severance Payment Law (1963).

6.2. **Advanced Study Fund**

6.2.1. Company shall contribute an aggregate monthly amount equal to 7.5% of the Salary towards an advanced study fund (*Keren Hishtalmut*) (the " **Advanced Study Fund** ") acceptable to Company.

6.2.2. In addition, Employee shall contribute, and for that purpose, Employee hereby irrevocably authorizes and instructs Company to deduct from his Salary at source, an aggregate monthly amount equal to 2.5% of the Salary as Employee's participation in such Advanced Study Fund.

6.2.3. Employee shall bear any and all taxes applicable in connection with amounts payable by Employee and/or Company to the Advanced Study Fund pursuant to this Section 6.2.

6.2.4. In the event of a Termination for Cause (as defined hereinafter) Employee shall only be entitled to his accumulated contributions to the Advanced Study Fund.

6.3. **Vacation**

6.3.1. Employee shall be entitled to an annual leave of **18** working days per year of employment.

6.3.2. Each such leave shall be scheduled with adequate regard to the needs of the Company.

6.3.3. Accrual and/or redemption of unused annual leave days, if any, shall be governed by the provisions of the Annual Leave Law regarding such accrual and/or redemption.

6.4. **Sick Leave**

Employee shall be entitled to sick leave in accordance with the provisions of the Sickness Pay Law - 1976. Notwithstanding the foregoing, Employee shall be entitled to full sick leave pay commencing upon the first day of illness.

6.5. **Recreation Pay**

Employee shall be entitled to annual recreation pay (*Dmey Havra'a*) in an amount to be determined in accordance with Israeli regulations as in effect from time to time with respect to such pay.

6.6. **Expenses**

6.6.1. Company shall reimburse Employee for any out-of-pocket expenses from time to time properly incurred by Employee in connection with his employment by Company, provided that such expenses have been approved in advance by Company. As a condition to such reimbursement, Employee shall provide Company with copies of all invoices, receipts and other evidence of expenditures as might be required by Company policy from time to time.

6.6.2. Company shall reimburse Employee cellular phone bills up to 70% of the actual phone bill.

6.6.3. Company shall reimburse Employee car expenses incurred by Employee in connection with his employment by Company, in an amount calculated per milage "heshev", provided that such reimbursement shall not exceed NIS 3000 per month.

6.7. Salary Other Considerations:

6.7.1. Not applicable

6.8. **Military Reserve Duty**

6.8.1. Employee shall inform the Board of Directors of any military reserve duty Employee has been ordered to perform, immediately after he has been notified of the same.

6.8.2. In the absence of Employee, due to military reserve duty, Employee shall be entitled to receive his Salary, including payments for social benefits and other rights to which Employee is entitled pursuant to this Agreement.

6.8.3. Employee undertakes to provide Company with proper confirmation of active military reserve duty, so that Company may collect from the National Insurance Institute all amounts to which Employee and/or Company is entitled in connection with such service.

7. **Term and Termination**

7.1. Either party may, at any time, during the Term, furnish the other party hereto with a written notice that this Agreement is terminated (the " **Termination Notice** "). The Termination Notice may be with or without cause and must be furnished to the other party at least **180** days prior to the Termination Notice having effect (the " **Notice Period** "). In the event of a Termination Notice furnished by the Company prior to completion of the six-month period following the Commencement Date of Employment, the Notice Period shall be the longer of six (6) months and that period commencing upon the date the Termination Notice is furnished and ending upon the completion of the aforesaid six-month period.

7.2. In the event that a Termination Notice is delivered by either party hereto, the following shall apply:

7.2.1. During the Notice Period, Employee shall be obligated to continue to discharge and perform all of his duties and obligations with Company and to take all steps, satisfactory to the Company, to ensure the orderly transition to any persons designated by Company of all matters handled by Employee during the course of his employment with Company.

7.2.2. Notwithstanding the provisions of Section 7.2.1 above to the contrary, by notifying Employee concurrently with or at any time after a Termination Notice is delivered by either party hereto, Company shall be entitled to waive Employee's services with Company during the Notice Period or any part thereof and/or terminate the employer-employee relationship prior to the completion of the Notice Period. In such events Company shall pay Employee that sum equal to the compensatory payment as required by, and in accordance with, the Prior Notice Law, 2001.

For the removal of doubt, it is clarified that, in the event Company waives any and/or all of Employee's services with Company during the Notice Period as aforesaid, Employee shall, immediately, upon receipt of notice of such waiver, return to Company any and all equipment provided to him for purposes of the performance of his duties under this Agreement.

7.3. The provisions of Sections 7.1 and 7.2 above notwithstanding, Company, by furnishing a notice to Employee, shall be entitled to terminate his employment with Company with immediate effect where said termination is a Termination for Cause. In the event of such termination, without derogating from the rights of Company under this Agreement and/or any applicable law, Employee shall not be entitled to severance pay and/or to any of the consideration specified in Section 7.2 above and/or to Company's contributions to the Advanced Study Fund. In addition, and in the event of the occurrence of the circumstances set forth in Section 6.1.6 above, Employee shall not be entitled to the severance pay component in the Managers' Insurance Policy and/or to Company's contributions to the compensatory payments component in the Manager's Insurance Policy.

7.4. As used in this Agreement, the term " **Termination for Cause** " shall mean termination of Employee's employment with Company as a result of the occurrence of any one of the following: (i) Employee has committed a dishonorable criminal offense; (ii) Employee is in breach of his duties of trust or loyalty to Company; (iii) Employee deliberately causes harm to Company's business affairs; (iv) Employee breaches the confidentiality and/or non-competition and/or non-solicitation and/or assignment of inventions provisions of this Agreement; and/or (v) circumstances that do not entitle Employee to severance payments under any applicable law and/or under any judicial decision of a competent tribunal.

7.5. Notwithstanding anything to the contrary in Section 7.2 above and without derogating from Company's rights pursuant to any applicable law, in the event that Employee shall terminate his employment with Company with immediate effect or upon shorter notice than the Notice Period, Company shall have the right to offset the Salary and/or any benefits to which Employee shall have otherwise been entitled for his employment hereunder during the Notice Period, or any part thereof, as the case may be, from any other payments payable to Employee.

8. **General Provisions**

8.1. Employee shall not be entitled to any additional bonus, payment or other compensation in connection with his employment with Company, other than as provided herein or as determined by the Company's Board of Directors.

8.2. Company shall withhold, or charge Employee with, all taxes and other compulsory payments as required under applicable law with respect to all payments, benefits and/or other compensation paid to Employee in connection with his employment with Company.

8.3. Company shall be entitled to offset from any and/or all payments to which Employee shall be entitled thereof, any and/or all amounts to which Company shall be entitled from Employee at such time, provided however that, in connection with the Options and/or Shares only, any offset under this Section 8.3, shall be limited to amounts to which Company shall be entitled from Employee due to payment of taxes and other compulsory payments in connection with the Options and/or Shares.

8.4. Company's failure or delay in enforcing any of the provisions of this Agreement shall not, in any way, be construed as a waiver of any such provisions, or prevent Company thereafter from enforcing each and every other provision of this Agreement which were previously not enforced.

8.5. Notices given hereunder shall be in writing and shall be deemed to have been duly given on the date of personal delivery, on the date of postmark if mailed by certified or registered mail, or on the date sent by facsimile upon transmission and electronic confirmation of receipt or (if transmitted and received on a non-business day) on the first business day following transmission and electronic confirmation of receipt, addressed as set forth above or such other address as either party may designate to the other in accordance with the aforesaid procedure.

8.6. This Agreement shall be interpreted and construed in accordance with the laws of the State of Israel. The parties submit to the exclusive jurisdiction of the competent courts of the State of Israel in any dispute related to this Agreement.

8.7. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matters hereof, supersedes all prior agreements and understandings between the parties with respect thereto.

8.8. Captions and paragraph headings used in this Agreement are for convenience purposes only and shall not be used for the interpretation thereof.

8.9. This Agreement shall not be amended, modified or varied by any oral agreement or representation other than by a written instrument executed by both parties or their duly authorized representatives.

IN WITNESS WHEREOF , the parties hereto have hereby duly executed this Agreement on the day and year first set forth above.

InspireMD Ltd. ,
By: _____
Title:_____
Date: **April, 1st, 2005**

_____
Dr. Asher Holzer
Date: **April, 1st, 2005**

Employee name: Dr. Asher Holzer
Home phone:
Cell phone:
Address: Shlomzion 22 Haifa

Exhibit "A"

GENERAL APPROVAL REGARDING PAYMENTS BY EMPLOYERS TO A PENSION FUND AND INSURANCE FUND IN LIEU OF SEVERANCE PAY

By virtue of my power under section 14 of the Severance Pay Law, 1963 (hereinafter: the " **Law** "), I certify that payments made by an employer commencing from the date of the publication of this approval publication for his employee to a comprehensive pension benefit fund that is not an insurance fund within the meaning thereof in the Income Tax (Rules for the Approval and Conduct of Benefit Funds) Regulations, 1964 (hereinafter: the " **Pension Fund** ") or to managers insurance including the possibility of an insurance pension fund or a combination of payments to an annuity fund and to a non-annuity fund (hereinafter: the " **Insurance Fund**), including payments made by him by a combination of payments to a Pension Fund and an Insurance Fund, whether or not the Insurance Fund has an annuity fund (hereinafter: the " **Employer's Payments**), shall be made in lieu of the severance pay due to the said employee in respect of the salary from which the said payments were made and for the period they were paid (hereinafter: the " **Exempt Salary** "), provided that all the following conditions are fulfilled:

(1) The Employer's Payments -

(a) To the Pension Fund are not less than $14\frac{1}{3}$% of the Exempt Salary or 12% of the Exempt Salary if the employer pays for his employee in addition thereto also payments to supplement severance pay to a benefit fund for severance pay or to an Insurance Fund in the employee's name in an amount of $2\frac{1}{3}$% of the Exempt Salary. In the event the employer has not paid an addition to the said 12%, his payments shall be only in lieu of 72% of the employee's severance pay;

(b) To the Insurance Fund are not less than one of the following:

(2) $13\frac{1}{3}$% of the Exempt Salary, if the employer pays for his employee in addition thereto also payments to secure monthly income in the event of disability, in a plan approved by the Commissioner of the Capital Market, Insurance and Savings Department of the Ministry of Finance, in an amount required to secure at least 75% of the Exempt Salary or in an amount of $2\frac{1}{2}$% of the Exempt Salary, the lower of the two (hereinafter: " **Disability Insurance** ");

(3) 11% of the Exempt Salary, if the employer paid, in addition, a payment to the Disability Insurance, and in such case the Employer's Payments shall only replace 72% of the Employee's severance pay; In the event the employer has paid in addition to the foregoing payments to supplement severance pay to a benefit fund for severance pay or to an Insurance Fund in the employee's name in an amount of $2\frac{1}{3}$% of the Exempt Salary, the Employer's Payments shall replace 100% of the employee's severance pay.

(4) No later than three months from the commencement of the Employer's Payments, a written agreement is executed between the employer and the employee in which -

(a) The employee has agreed to the arrangement pursuant to this approval in a text specifying the Employer's Payments, the Pension Fund and Insurance Fund, as the case may be; the said agreement shall also include the text of this approval;

(b) The employer waives in advance any right, which it may have to a refund of monies from his payments, unless the employee's right to severance pay has been revoked by a judgment by virtue of Section 16 and 17 of the Law, and to the extent so revoked and/or the employee has withdrawn monies from the Pension Fund or Insurance Fund other than by reason of an entitling event; in such regard "Entitling Event" means death, disability or retirement at after the age of 60.

(5) This approval is not such as to derogate from the employee's right to severance pay pursuant to any law, collective agreement, extension order or employment agreement, in respect of salary over and above the Exempt Salary.

AMENDMENT TO THE EMPLOYMENT AGREEMENT

This Amendment (the " **Amendment** "), entered into as of March 28, 2011 (the "Effective Date") is made by and between INSPIREMD Ltd. of 3 Menorat Hamaor St., Tel Aviv, Israel, a private company organized and existing under the laws of Israel (the " **Company** "), and Dr. Asher Holzer, Israeli ID#_____, residing at _____, Israel (the " **Employee** "; each of the Company and Employee, a "Party" and together, the "Parties").

WHEREAS, the Parties entered into that certain Employment Agreement (the " **Original Agreement** ") dated April 1, 2005;

WHEREAS, the parties wish to amend the Agreement as detailed in this Amendment.

NOWTHEREFORE, the parties to this Amendment agree as follows:

1. Capitalized terms used herein and not otherwise defined shall have the respective meaning ascribed to them in the Original Agreement.

2. This Amendment to the Employment Agreement and all terms and conditions included herein are subject and shall come into effect only following the closing of a reverse merger transaction between the Company and Saguaro Resources Inc (the " **RM** ").

3. Notwithstanding Section 5.1 of the Original Agreement, following the RM the Employee's total Salary shall be NIS55,000.

4. Following the RM Section 6.2 (Advanced Study Fund) in its entirety shall return to effect and entitled the Employee.

5. To amend Section 6.3 of the Original Agreement to provide that following the RM the Employee shall be entitled to annual leave of 22 working days.

6. To add new Section 6.8 following the RM as follows:

"6.8 Annual Bonus

Subject to the Company's Board of Directors' Approval and as may be required under the applicable law, the Company's Shareholders Meeting, the Company may pay to the Employees an annual bonus based on certain criteria which shall be determined by the Company's Board of Directors. If such bonus is approved by the Company's organs as aforesaid it shall be of not less than 3 Salaries of the Emplyee. It is hereby clarified that nothing herein shall be construed as an obligation of the Company to pay the Employee such bonus and same shall be at the sole discretion of the Company as aforesaid. Such bonus shall not be included in the Salary for all purpose and matters."

7. To add new Section 6.9 following the RM as follows:

"6.9 Company Car

6.9.1 During his employment with the Company the Employee shall be entitled to a Company ' s car (whether owned or rented) of class 6 type and size (hereinafter the " Company ' s Car "). The Employee will use the Company ' s Car for carrying out his duties and for the Employee ' s private and family (of first degree) use, subject to the applicable insurance policy. The Company shall bear all the maintenance and usage expenses related to the Company Car. The make, model and year of the car shall be agreed upon between the Company and the employee.

6.9.2 The Employee shall be liable for all traffic tickets and fines (unless it can be shown that the violation was committed by another Company employee), and hereby irrevocably agrees that in the event that the Company shall pay such tickets or fines, the Company shall be entitled to deduct any such payment from the Employee ' s Salary or Employee's other benefit.

6.9.3 Any tax liability that shall be incurred and/or imposed with respect to the Company ' s Car benefit shall be solely borne by the Employee.

6.9.4 The Employee shall be responsible for the full compliance on his and his family ' s part regarding the car policy provisions and the car lease contract which relates to the use of the car.

8. Subject to the Company's Board of Directors' Approval and as may be required under the applicable law, the Company's Shareholders Meeting, following the end of 6-month period following the RM, the Company may grant to the Employees options to purchase the Company's ordinary shares or InspireMD Inc.'s shares of common stock at exercise price and additional terms and conditions determined by the Company.

9. In the event that the Employee chooses to provide his services to the Company as a service provider rather than as an employee under the Agreement; provided however that such change in relation shall not increase the Company's cost (including taxes and other mandatory payments) of the Employee's employment and subject thereto, the Parties shall enter into a service provider agreement in terms and conditions as shall be agreed upon between them.

10. Except for the explicit changes in the Agreement set forth above, the provisions of the Agreement and the 1 st Amendment shall remain in full force and effect without any change.

IN WITNESS HEREOF, the parties hereto have caused this 2 nd Amendment to be signed in their respective names:

INSPIREMD Ltd.		Asher Holzer	
Signature:		Signature:	
Name:			
Title:			

P ERSONAL EMPLOYMENT AGREEMENT

THIS AGREEMENT (the " **Agreement** ") is made and entered into this **June 26th,2005** (the " **Effective Date** "), by and between InspireMD Ltd., an Israeli corporation (the " **Company** "), and **Eli Bar** I.D. No. **059078873** of **Moshav Megadim POB 273, 30875** (the " **Employee** ").

WHEREAS , Employee wishes to be employed by Company and Company agrees to employ Employee, as of the Commencement Date of Employment and throughout the Term (as such terms are defined hereunder): and;

WHEREAS the parties wish to regulate their relationship in accordance with the terms and conditions set forth in this Agreement;

NOW, THEREFORE , in consideration of the mutual premises, covenants and undertakings contained herein, the parties hereto have hereby agreed as follows:

1. **Representations and Warranties**

Employee represents and warrants to Company that as of the Commencement Date of Employment –

1.1. Employee is free to be employed by the Company pursuant to the terms contained in this Agreement and there are no contracts, impediments, and/or restrictive covenants preventing full performance of the Employee's duties and obligations hereunder.

1.2. Employee has not been indicted and/or found guilty of any criminal act of moral turpitude.

1.3. Employee has the requisite qualifications, knowledge and experience to perform his obligations under this Agreement.

Company represents and warrants that there is no impediment preventing it from entering into this Agreement with Employee.

2. **Term of Agreement**

2.1. Employee's employment with Company shall commence on the Effective Date (the " **Commencement Date of Employment** ") and shall continue until terminated in accordance with the provisions of Section 7 hereof (the " **Term** ").

3. **Position**

3.1. Employee shall be employed by Company in the position of **Engineering Manager** (the " **Position** ") and shall devote **100%** of his business time in said position. .

3.2. During Employee's employment with Company, Employee shall have the authority, functions, duties and responsibilities, as from time to time may be stipulated by **Ofir Paz, CEO of the company.** . (his "Managers")

3.3. It is hereby acknowledged and agreed that Employee's Position in the Company shall be deemed a senior position and/or one which requires a special degree of trust, and/or is a position which does not enable the Company to supervise the work and rest hours of the Employee; therefore, the provisions of The Work and Rest Hours Law, 1951 (the " **Work and Rest Hours Law** "), do not and shall not apply to Employee's employment with Company.

3.4. It is hereby further stated that the Salary, as defined hereinafter, is agreed herein on the mutual assumption that the Work and Rest Hours Law is not applicable as aforesaid.

4. **Employee's Duties**

Employee affirms and undertakes throughout the Term:

4.1. To devote no less than 100% of his working time, know-how, energy, expertise, talent, experience and best efforts to the business and affairs of the Company and to the performance of his duties with Company.

4.2. To perform and discharge well and faithfully, with devotion, honesty and fidelity, his obligations pursuant to his Position.

4.3. To comply with the directives of his managers.

4.4. To travel abroad from time to time if and as may be required pursuant to his Position.

4.5. Not to receive, at all times, whether during the Term and/or at any time thereafter, directly or indirectly, any payment, benefit and/or other consideration, from any third party in connection with his employment with Company, without the Company's prior written authorization.

4.6. To immediately and without delay inform his Managers of any affairs and/or matters that might constitute a conflict of interest with Employee's Position and/or employment with Company.

4.7. Not to use any trade secrets or proprietary information in such a manner that may breach any confidentiality and/or other obligation Employee may have undertaken relating to any former employer(s) and/or any third party.

5. **Compensation**

5.1. Subject to and in consideration of Employee's fulfillment of his obligations in pursuance of this Agreement, Company shall pay Employee a monthly gross salary in the amount of NIS **25000** (the " **Salary** ").

5.2. The Salary shall be payable by no later than the ninth (9th) day of the consecutive calendar month following the calendar month of employment to which the payment relates.

5.3. Israeli income tax and other applicable withholdings with respect to the Salary have been and shall be deducted from the Salary by the Company at source.

5.4. The Salary shall serve as the basis for deductions and contributions to managers' insurance policy and advanced study fund (*keren hishtalmut*) pursuant to sections 6.1 and 6.2 hereunder, and for the calculation of all social benefits.

6. **Social and Fringe benefits**

6.1. **Managers' Insurance**

6.1.1. Company shall contribute an aggregate monthly amount equal to 15.83% of the Salary as premium on a Managers' Insurance (*Bituach Menahalim*) policy of Employee's choice which shall include a possibility of an insurance pension fund. (" **Managers' Insurance Policy** "), as of the Effective Date.

6.1.2. The abovementioned contributions by Company shall be as follows: 8.33% towards severance pay, 5% towards compensatory payments, and Company's contribution towards disability insurance, shall be in accordance with an insurance policy for disability allowance, as such insurance is approved by the Minister of Labor and Social Welfare, up to 2.5% of the Salary, or up to the sum which shall provide for a disability allowance equal to seventy five percent (75%) of the Employee's Salary during the disability period of Employee, the lesser of the two.

6.1.3. Employee shall contribute, and for that purpose Employee irrevocably authorizes and instructs Company to deduct from his Salary at source, an aggregate monthly amount equal to 5% of the Salary to such Managers' Insurance Policy.

6.1.4. Employee shall bear any and all taxes in connection with amounts paid by Employee and/or Company to the Managers' Insurance Policy pursuant to this Section 6.1.

6.1.5. Company and Employee, respectively declare and covenant that as evidenced by their respective signatures, they hereby undertake to be bound by the general settlement authorized as of 9.6.98 pertaining to Company's payment to the benefit of pension funds and insurance funds, on account of severance payment in pursuance of the Severance Payment Act (1963)

6.1.6. It is further agreed that such payment contribution made by Company towards the Manager's Insurance Policy as above mentioned, shall be on account of severance payment due to Employee under any circumstances in which Employee shall be entitled to severance payment subject to the applicable law, including but not limited to the Severance Payment Law (1963).

6.1.7. The full amount of the severance payment will be calculate by the following equation, the last salary multiple by numbers of years.

6.2. **Advanced Study Fund**

6.2.1. Company shall contribute an aggregate monthly amount equal to 7.5% of the Salary towards an advanced study fund (*Keren Hishtalmut*) (the " **Advanced Study Fund** ") acceptable to Company, as of the Effective Date.

6.2.2. In addition, Employee shall contribute, and for that purpose, Employee hereby irrevocably authorizes and instructs Company to deduct from his Salary at source, an aggregate monthly amount equal to 2.5% of the Salary as Employee's participation in such Advanced Study Fund.

6.2.3. In case of termination initiated by the Employee or by the Employer, the Employee will be entitled to get an ownership on the Advance Study Fund with component and the Manager insurance plane, Employee and Employer contributions.

6.2.4. Only in the event of a Termination for Cause (as defined hereinafter) Employee shall only be entitled to his accumulated contributions to the Advanced Study Fund.

6.3. **Vacation**

6.3.1. Employee shall be entitled to an annual leave of **18 net** working days per year of employment.

6.3.2. Each such leave shall be scheduled with adequate regard to the needs of the Company.

6.3.3. Accrual of unused annual leave days shall not limited.

Sick Leave

Employee shall be entitled to sick leave in accordance with the provisions of the Sickness Pay Law - 1976. Notwithstanding the foregoing, Employee shall be entitled to full sick leave pay commencing upon the first day of illness.

6.4. **Recreation Pay**

Employee shall be entitled to annual recreation pay (*Dmey Havra'a*) in an amount to be determined in accordance with Israeli regulations as in effect from time to time with respect to such pay.

6.5. **Expenses**

6.5.1. Company shall reimburse Employee for any out-of-pocket expenses from time to time properly incurred by Employee in connection with his employment by Company, provided that such expenses have been approved in advance by Company. As a condition to such reimbursement, Employee shall provide Company with copies of all invoices, receipts and other evidence of expenditures as might be required by Company policy from time to time.

6.6. **Company Car**

6.6.1. Company shall provide Employee with a car, to be placed at Employee's disposal, for his business and reasonable personal use, subject to, and in accordance with, the Company's procedures and the provisions of this Section (the " **Car** ").

6.6.2. Employee hereby declares that he is aware that in order to provide him with the Car, Company shall lease the Car from a leasing company, pursuant to a car lease agreement, and the parties agree that the monthly cost to the Company for the leasing of the Car shall not exceed N.I.S. 2500.

6.6.3. Employee shall take good care of such Car and ensure that Company's rules and the provisions of the insurance policy and of the car lease agreement relating to the use of said Car, are strictly, lawfully and carefully observed.

6.6.4. Employee shall bear and pay for the following:

6.6.4.1 All expenses relating to any violation of law committed in connection with the use of the Company Car, including without limitation, all penalties and/or fines and/or legal costs; and

6.6.4.2 The cost of any deductible amount charged the Company for damage caused to the Car in connection with the use of the Car; and

6.6.4.3 Employee hereby irrevocably authorizes Company to set off and deduct all amounts that may be owed to Company under this Section from and against the Salary and/or any other amounts due to Employee from Company under the Employment Agreement.

6.6.5. The value of the monthly use of the Car shall be added to the Salary, in accordance with income tax regulations applicable thereto, as straightforward income, and Employee shall bear any and all taxes applicable to him in connection with said Car and the use thereof.

6.6.6. Employee shall return the Car (together with its keys and any other equipment supplied and/or installed therein) to Company's principal office upon termination of his employment under this Agreement. Employee shall have no rights of lien with respect to the Car and/or any of said other equipment.

6.7. Salary Other Considerations:

6.7.1. Not applicable

6.8. **Military Reserve Duty**

6.8.1. Employee shall inform his Managers of any military reserve duty Employee has been ordered to perform, immediately after he has been notified of the same.

6.8.2. In the absence of Employee, due to military reserve duty, Employee shall be entitled to receive his Salary, including payments for social benefits and other rights to which Employee is entitled pursuant to this Agreement.

6.8.3. Employee undertakes to provide Company with proper confirmation of active military reserve duty, so that Company may collect from the National Insurance Institute all amounts to which Employee and/or Company is entitled in connection with such service.

7. **Term and Termination**

7.1. Either party may, at any time, during the Term, furnish the other party hereto with a written notice that this Agreement is terminated (the " **Termination Notice** "). The Termination Notice may be with or without cause and must be furnished to the other party at least **60** days prior to the Termination Notice having effect (the " **Notice Period** ").

7.2. In the event that a Termination Notice is delivered by either party hereto, the following shall apply:

7.2.1. During the Notice Period, Employee shall be obligated to continue to discharge and perform all of his duties and obligations with Company and to take all steps, satisfactory to the Company, to ensure the orderly transition to any persons designated by Company of all matters handled by Employee during the course of his employment with Company.

7.2.2. If company decides to waive employee's services before end of "notice period", employee will be entitled to full salary, social and fringe benefits, advances study funds, vacation etc. until the end of the "notice period" as if she worked the whole "notice period".

For the removal of doubt, it is clarified that, in the event Company waives any and/or all of Employee's services with Company during the Notice Period as aforesaid, Employee shall, immediately, upon receipt of notice of such waiver, return to Company any and all equipment provided to him for purposes of the performance of his duties under this Agreement, other then the car which shall be returned upon the expiration of the notice period.

7.3. The provisions of Sections 7.1 and 7.2 above notwithstanding, Company, by furnishing a notice to Employee, shall be entitled to terminate his employment with Company with immediate effect where said termination is a Termination for Cause. Only in the event of such termination, without derogating from the rights of Company under this Agreement and/or any applicable law, Employee shall not be entitled to severance pay and/or to any of the consideration specified in Section 7.2 above and/or to Company's contributions to the Advanced Study Fund. In addition, and in the event of the occurrence of the circumstances set forth in Section 6.1.6 above, Employee shall not be entitled to the severance pay component in the Managers' Insurance Policy and/or to Company's contributions to the compensatory payments component in the Manager's Insurance Policy.

7.4. As used in this Agreement, the term " **Termination for Cause** " shall mean termination of Employee's employment with Company as a result of the occurrence of any one of the following: (i) Employee has committed a dishonorable criminal offense; (ii) Employee is in breach of his duties of trust or loyalty to Company; (iii) Employee deliberately causes harm to Company's business affairs; (iv) Employee breaches the confidentiality and/or non-competition and/or non-solicitation and/or assignment of inventions provisions of this Agreement.

7.5. Notwithstanding anything to the contrary in Section 7.2 above and without derogating from Company's rights pursuant to any applicable law, in the event that Employee shall terminate his employment with Company with immediate effect or upon shorter notice than the Notice Period, Company shall have the right to offset the Salary and/or any benefits to which Employee shall have otherwise been entitled for his employment hereunder during the Notice Period, or any part thereof, as the case may be, from any other payments payable to Employee.

8. **General Provisions**

8.1. Employee shall not be entitled to any additional bonus, payment or other compensation in connection with his employment with Company, other than as provided herein or as determined by his Managers.

8.2. Company shall withhold, or charge Employee with, all taxes and other compulsory payments as required under applicable law with respect to all payments, benefits and/or other compensation paid to Employee in connection with his employment with Company.

8.3. Company's failure or delay in enforcing any of the provisions of this Agreement shall not, in any way, be construed as a waiver of any such provisions, or prevent Company thereafter from enforcing each and every other provision of this Agreement which were previously not enforced.

8.4. Notices given hereunder shall be in writing and shall be deemed to have been duly given on the date of personal delivery, on the date of postmark if mailed by certified or registered mail, or on the date sent by facsimile upon transmission and electronic confirmation of receipt or (if transmitted and received on a non-business day) on the first business day following transmission and electronic confirmation of receipt, addressed as set forth above or such other address as either party may designate to the other in accordance with the aforesaid procedure.

8.5. This Agreement shall be interpreted and construed in accordance with the laws of the State of Israel. The parties submit to the exclusive jurisdiction of the competent courts of the State of Israel in any dispute related to this Agreement.

8.6. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matters hereof, supersedes all prior agreements and understandings between the parties with respect thereto.

8.7. Captions and paragraph headings used in this Agreement are for convenience purposes only and shall not be used for the interpretation thereof.

8.8. This Agreement shall not be amended, modified or varied by any oral agreement or representation other than by a written instrument executed by both parties or their duly authorized representatives.

9. Other Provisions

9.1.

IN WITNESS WHEREOF , the parties hereto have hereby duly executed this Agreement on the day and year first set forth above.

InspireMD Ltd. ,
By: _____
Title:_____
Date: **June 8th, 2005**

_____
Eli Bar
Date: **June 8th, 2005**

EMPLOYMENT AGREEMENT

This Agreement is made and entered into on this 25 of August, 2009, by and between Inspire MD Ltd., a company organized under the laws of the State of Israel, located at, 3 Menorat Hamaor St. Tel Aviv, Israel (the " **Company** ") and Bary Oren, ID No 025329095 residing at 17 Moshe Perlok st, Tel-Aviv, Israel (the " **Employee** ").

WHEREAS, the Company is engaged in the business of research and development, manufacturing and marketing of invasive medical devices; and

WHEREAS, the Company desires to contract with the Employee on the terms and conditions set forth herein and the Employee desires to enter into this Agreement on such terms and conditions; and

WHEREAS, the Employee represents that he has the requisite skills and training to render the services hereunder;

NOW, THEREFORE, in consideration of the mutual undertakings of the parties, it is hereby agreed:

1. DUTIES AND RESPONSIBILITIES

1.1 As of 2nd of September, 2009, (the " **Effective Date** "), the Employee has been and shall be employed by the Company as Director of Finance and shall perform the activities and projects as assigned to him by the CEO of the Company. The Employee shall be employed on a full time job basis.

1.2 In his capacity as the Director of Finance, the Employee shall report directly to the Management of the Company.

1.3 Except as specifically agreed in advance and in writing by the Company, so long as the Employee is employed by the Company, the Employee (i) shall devote his full working time and best efforts to the business and affairs of the Company and the performance of his duties hereunder; (ii) shall not engage in or be associated with, directly or indirectly, any other business which is competitive with the business of the Company namely in the field of invasive medical devices (hereinafter the " **Field** "); and (iii) shall not undertake or accept any other paid or unpaid employment or occupation, or use his professional skill for any purpose in the Field whether for his benefit of for the benefit of a third party. The company acknowledges that the Employee is lecturing up to twice a month in a college. Such lectures shall not be entitled as a breach of this agreement.

1.4 The Employee's employment may require travel outside Israel and the Employee agrees to such travel as may be necessary in order to fulfill his duties hereunder.

1.5 The Employee's duties and responsibilities shall include but not be limited to those duties and responsibilities assigned to the Employee from time to time by the Management of the Company.

1.6 The parties hereto confirm that this is a personal employment contract and that the relationship between the parties hereto shall not be subject to any general or special collective employment agreement or any custom or practice of the Company in respect of any of its other employees or contractors.

1.7 The Company shall determine the scope of the Employee's office and authorities in the Company, and be entitled to change same in accordance with the Company's need and at its sole discretion, which such changes shall not be deem causing an adverse change in the Employee's terms of employment and the Employee shall not have any claim against the Company in this regard.

2. TERM AND TERMINATION

2.1 This Agreement and the employer-employee relationship created hereunder will remain in force until terminated by either party. **Annex A** hereto will remain in full force and effect after termination of this Agreement.

2.2 Despite the provisions of Section 2.1 above, the Company shall have the right to terminate this Agreement and the employer-employee relationship hereunder at any time for " **Cause** " (as hereinafter defined), by giving the Employee written notice of termination for Cause. In such event, this Agreement and the employer-employee relationship shall be deemed effectively terminated as of the time of delivery of such notice.

The term " **Cause** " shall mean a written and explained full description of (a) indictment or conviction of the Employee for committing a felony; (b) a breach of the Company's trust, including but not limited to theft, embezzlement, disclosure to unauthorized persons or entities of confidential or proprietary information of, or relating to, the Company and/or the engagement by the Employee in any business competitive to the business of the Company and/or its subsidiaries, affiliates or associated companies, as relevant; (c) a material breach of any section of this agreement by the Employee. Any breach of Annex A or Section 6 of this Agreement which shall be deemed a material breach; or (d) any reason which under Israeli law allows an employer to fire an employee without severance payment.

The termination for " **Cause** ", will take effect only if the Employee received a written 30 days notice in advance, demanding him to rectify the " **Cause** " in writing and the Employee failed to do so.

2.3 Subject to any provision under clause 2 which is more favorable to the employee over and above any right prescribed by law, each party shall assume all rights and obligations under the Law for Advance Notice on Dismissal and Resignation 5752-2001 (hereinafter " **the Advance Notice Law** ") but not less than 60 days notice.

2.4 During the notice period under the Advance Notice Law and Section 2.2, the Employee, if so required by the Company, shall continue to perform his duties, cooperate with the Company and use his best efforts to assist in the integration into the Company's organization of the person or persons who will assume the Employee's responsibilities.

2.5 In case of advance notice of dismissal or resignation and the Employee is not required by the Company to continue to perform his duties during the advance notice days, in whole or in part, the obligation of the Company to pay the Employee for such days shall cease as of the time the Employee is either employed or engaged elsewhere in any manner which is not permitted under his Employment Agreement while he is still employed by the Company.

2.6 The Parties hereby agree that in the event the Employee shall be entitled to receive a notice from the Company, as specified above in Section 2.2 above, the Company, in its sole discretion, shall be entitled to pay the Employee a payment equal to the Basic Salary, social benefits and use of the Company's car during the notice period or the remaining period thereof, in lieu of maintaining the Employee's employment during the notice period. In said event the employment relationship between the Parties shall terminate immediately upon such payment.

3. BASIC SALARY AND BENEFITS

3.1 Basic Salary

3.1.1 The Company shall pay the Employee a gross monthly salary of NIS 21,750 NIS (the " **Basic Salary** ").

3.1.2 The Basic Salary shall be updated according to the increases determined by applicable law (Tosefot Yoker or similar provisions).

3.1.3 The Basic Salary for each month shall be payable within ten (10) calendar days of the first day of the following calendar month.

3.1.4 As the Employee is employed hereunder in a managerial position involving also a fiduciary relationship between the Employee and the Company, the Work and Rest Law (5711-1951), and any other law amending or replacing such law, shall not apply to the Employee or to his employment with the Company, and the Employee shall not be entitled to any compensation in respect of such law. The Employee acknowledges that the compensation set for him hereunder includes compensation that would otherwise be due to the Employee pursuant to such law.

3.1.5 Subject to Sections 3.2 to 3.4 and 3.6 to 3.7 below, the Basic Salary shall be comprehensive and all-inclusive in that it shall be deemed to embody the Employee's entire compensation for his employment and work including those social benefits which can be embodied under law in the salary, except where it is otherwise specifically set forth in this Agreement.

3.2 Manager's Insurance

3.2.1 To the purpose of the terms under this section 3.2 all employees rights and benefits will be derived from the basic salary and shall be updated according to the increases determined by applicable law (Tosefot Yoker or similar provisions).

3.2.2 The Company shall effect a Manager's Insurance Policy (the " **Policy** ") for the Employee through an insurance company chosen by the Employee, and shall pay a sum equal up to 15.83% of the Employee's Salary towards such Policy, of which 8.33% shall be on account of severance pay and 5% on account of pension fund payments and up to a further 2.5% of the Employee's Salary on account of disability pension payments. The Company shall deduct 5% from the Employee's Salary to be paid on behalf of the Employee towards such Policy.

It is further agreed by the Parties that during his employment period with the Company, the Company shall be the sole owner of the Policy. Other than in the case where the Employer-Employee relationship was terminated under circumstances of " **Cause** ", in the event of a termination of this Agreement the Company shall transfer the title in the Policy to the Employee.

3.2.3 The amounts which the Employee is entitled to receive from the Manager's Insurance Policy accruing from disbursements paid by the Company towards the said policy on account of severance pay portion, shall be credited against any obligation the Company may have to pay severance pay under the law.

3.3 Recuperation Pay (Dmei Ha'vraa)

The Employee shall be entitled to Recuperation Pay for a certain number of days, as provided by law.

3.4 Vacation

The Employee shall be entitled to fifteen (15) Business Days (as defined below) vacation for each calendar year of work or as prescribed by the Annual Leave Law, 5711 – 1951, whichever is more beneficial to the Employee.

The dates of the Employee's vacation shall be coordinated with his/ immediate supervisor.

For purposes of this Section 3.4, a Business Day shall mean any Sunday through Thursday during which the Company is open for business.

3.5 Sick Leave

The Employee shall be entitled to paid sick leave as provided by law.

3.6 Company Car

3.6.1 The Employee shall be entitled to a Company's car (whether owned or rented) of a type and size as shall be determined solely by the Company (hereinafter the " **Company's Car** "). The Employee will use the Company's Car for carrying out his duties and for the Employee's private and family (of first degree) use, subject to the applicable insurance policy. The Company shall bear the Company's maintenance and usage expenses. The make, model and year of the car shall be agreed upon between the Company and the employee.

3.6.2 The Employee shall be liable for all traffic tickets and fines (unless it can be shown that the violation was committed by another Company employee), and hereby agrees that in the event that the Company shall pay such tickets or fines, the Company shall be entitled to deduct any such payment from the Employee's Basic Salary or other benefit under this Agreement.

3.6.3 Any tax liability that shall be incurred and/or imposed with respect to the Company's Car benefit shall be solely borne by the Employee.

3.7 Cellular Telephone

The Company shall provide the Employee with use of a cellular telephone during the course of his employment, and shall bear all reasonable expenses relating thereto. Any tax liability that shall be incurred and/or imposed with respect to the cellular telephone benefit shall be solely borne by the Employee.

3.8 Employee Stock Options

The Employee shall be granted stock options of the Company according and subject to the Employee Stock Option Plan and the Option Award Agreement to be entered between the parties.

3.9 Taxes

Any taxes imposed on the benefits granted to the Employee hereunder, except the above mentioned in section 3.8, shall be entirely borne by the Company.

4. PROPRIETARY INFORMATION AND WORK PRODUCT

4.1 The Employee agrees that the terms of his employment in regard to confidentiality, development rights and non-competition shall be as set forth in the Confidentiality, Development Rights and Non-Competition Undertaking, attached hereto as **Annex A** .

4.2 It is understood by the parties hereto that the Confidentiality, Development Rights and Non-Competition Undertaking shall be valid as of the date hereof and shall survive the termination of the Agreement (the " **Employment Term** ").

5. WARRANTIES

5.1 The Employee represents and warrants that on the date hereof he is free to provide services to the company upon the terms contained in this Agreement and that there are no employment contracts, consulting contracts or restrictive covenants preventing full performance of his duties hereunder. The company acknowledges that the Employee is lecturing up to twice a month in a college. Such lectures shall not be entitled as a breach of this agreement.

5.2 The Employee represents and warrants that he will not use, during the course of his employment with the Company, any trade secrets or proprietary information which is the property of his previous employer(s), in such a manner that may breach any confidentiality or other obligation the Employee may have to such former employer(s).

6. GENERAL PROVISIONS

6.1 This Agreement shall not be amended, modified or varied by any oral agreement or representation, except by written instrument executed by both parties or their duly authorized representatives.

6.2 No failure or delay of either party in exercising any power or right hereunder shall in any way restrict or diminish such party's rights and powers under this Agreement, or operate as a waiver of any breach or non-performance by either party of any of the terms or conditions hereof.

6.3 If any term or provision of this Agreement shall be declared invalid, illegal or unenforceable, then such term or provision shall be enforceable to the extent that a court shall deem it reasonable to enforce such term or provision and, if any such term or provision shall be held by any competent court to be unreasonable to enforce to any extent, such term or provision shall be severed and all remaining terms and provisions shall be unaffected and shall continue in full force and effect.

6.4 The terms and conditions of this Agreement supersede those of all previous agreements and arrangements between the Employee and the Company, either written or oral, relating to the subject thereof.

6.5 This Agreement is personal to the Employee, and the Employee shall not assign or delegate his rights or duties to a third party, whether by contract, will or operation of law, without the Company's prior written consent.

6.6 This Agreement shall inure to the benefit of the Company's successors and assigns.

6.7 Each notice and/or demand given by a party pursuant to this Agreement shall be in writing and sent by registered mail to the other party at the address appearing in the caption of this Agreement, and such notice and/or demand shall be deemed given at the expiration of seven (7) days from the date of mailing by registered mail or immediately if delivered by hand. Such address shall be effective unless notice of a change in address is provided by registered mail to the other party.

6.8 It is hereby agreed between the parties that the laws of the State of Israel shall apply to this Agreement.

6.9 The headings of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

6.10 The recitals, schedules, annexes and exhibits hereto are an integral part hereof.

IN WITNESS WHEREOF , the parties have executed this Agreement as of the day and year first above written:

Inspire MD Ltd.	**The Employee**
By: _____	
Title: _____	

ANNEX A

CONFIDENTIALITY, DEVELEPMENT RIGHTS AND NON-COMPETITION UNDERTAKING (the "Undertaking")

To:
Inspire MD Ltd. (the " **Company** ")

Further to my employment agreement with the Company dated of even date (the " **Agreement** "), I, the undersigned Barry Oren, do hereby declare and undertake towards the Company as an integral part of my Agreement, the following:

All undefined capitalized terms used herein shall have the meanings ascribed to them in the Agreement.

1. Confidentiality

I acknowledge that in the course of the Employment Term, I may (or may have) receive(d), learn(ed), be(en) exposed to, obtain(ed), or have (had) access to non-public information relating to the Company, its business, operations and activities, including without limitation any commercial, financial, business or technical information, inventions, developments, processes, specifications, technology, know-how and trade secrets, information regarding marketing, operations, financial, operations, plans, activities, customers, suppliers, business partners, etc. (" **Confidential Information** "), and hereby undertake: ***(a)*** to maintain the Confidential Information in strict confidence at all times and not to communicate, publish, reveal, describe, allow access to, divulge or otherwise disclose, expose or make available the Confidential Information in whole or in part, to any person or entity, all whether directly or indirectly, and whether in writing or otherwise; and ***(b)*** not to use the Confidential Information for any purpose other than for the performance of the Consulting Services. I recognize that the Company may receive confidential or proprietary information from third parties, subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. In connection with such duties, such information shall be deemed Confidential Information hereunder, *mutatis mutandis .*

Upon the earlier of the Company's request or the termination of the Agreement for whatever reason, I shall return to the Company any and all documents and other tangible materials containing Confidential Information, and shall erase or destroy any computer or data files in my possession containing such Confidential Information, such that no copies or samples of Confidential Information shall remain with me.

All Confidential Information made available to, received by, or generated by me shall remain the property of the Company, and no license or other rights in or to the Confidential Information is granted hereby. All files, records, documents, drawings, specifications, equipment, notebooks, notes, memoranda, diagrams, blueprints, bulletins, formula, reports, analyses, computer programs, and other data of any kind relating to the business of the Company, whether prepared by the undersigned or otherwise coming or having come into my possession, and whether or not marked or classified as Confidential Information, shall remain the exclusive property of the Company.

2. Development Rights :

I acknowledge that all inventions, developments, improvements, mask works, trade secrets, modifications, discoveries, concepts, ideas, techniques, methods, know-how, designs, and proprietary information, whether or not patentable or otherwise protectable, and all intellectual property rights associated therewith, which are or have been invented, made, developed, discovered, conceived or created, in whole or in part, by me, independently, or jointly with others, ***(i)*** related to the Field or the Company's Business or related to the Company's research and development which are invented, made, developed, discovered or conceived during the Employment Term and 12 (twelve) months thereafter; ***(ii)*** within the framework of my employment, or as a result of my employment with the Company; or ***(iii)*** with the use of any Company's equipment, supplies, facilities, or proprietary information; shall be the sole and exclusive property of the Company (all of the above: the " **IP Rights** "). I shall have no rights, claims or interest whatsoever in or with respect to the IP Rights. I hereby irrevocably and unconditionally assign to the Company any and all rights and interests in the IP Rights.

I undertake to take all necessary measures and to fully cooperate with the Company, during and after the Employment Term, in order to perfect, enforce, and/or defend the IP Rights, as described above, and effectuate the Company's title and interest therein, including without limitation as follows: ***(i)*** to promptly disclose to the Company any and all IP Rights; ***(ii)*** to keep accurate records relating to the conception and reduction to practice of all IP Rights, which records shall be the sole and exclusive property of the Company and shall be surrendered to the possession of the Company, immediately upon their creation; and ***(iii)*** to provide the Company with all information, documentation, and assistance, including the preparation or execution, as applicable, of documents, declarations, assignments, drawings and other data, all such information, documentation, and assistance to be provided at no additional expense to the Company, except for out-of-pocket expenses incurred by me at the Company's with the Company's prior written consent. For the removal of any doubt, I shall not be entitled to any additional compensation for fulfilling my duties hereunder.

3. Non-Competition

I undertake that, absent the prior written consent of the Company, for the Employment Term and for a period of 6 (six) months thereafter, I will not be involved, whether directly or indirectly, in any way, in any activity which operates in the field of the Company.

I undertake that, absent the prior written consent of the Company, for the Employment Term and for a period of 18 (eighteen) months thereafter, I will not be involved, whether directly or indirectly, in any way, in any activity which is competitive with the Company or the Company's Operations.

For purposes of this Section 3, the "Company's Operations" shall mean the Company's Business and/or any other field approved by the Board of Directors of the Company during the Employment Term which the Company, during the Employment Term, engages in, enters into, or takes active steps towards entering into (all including research and development activity). I expressly acknowledge that the business objectives and targeted operating market of the Company are world-wide, and consequently the obligations prescribed in this Section 3 shall apply on a world-wide basis. For the purpose of this Section 3, "directly or indirectly" includes doing business as an owner, an independent contractor, shareholder, director, partner, manager, agent, employee or consultant, but does not include holding up to 3% of the free market shares of any publicly traded companies.

I further undertake that for a period of 18 (eighteen) months after the Employment Term, I will not employ, offer to employ or otherwise engage or solicit for employment any person who is or was, during the 12 (twelve) month period prior to the end of the Employment Term, an employee or exclusive consultant, exclusive supplier or exclusive contractor of the Company, and shall not conduct, whether directly or indirectly, any activity which intervenes in the relationship between the Company and any of its employees, contractors, suppliers or consultants.

I hereby acknowledge that the provisions of this Section 3 are reasonable and necessary to legitimately protect the Company's Confidential Information, IP Rights and property (including intellectual property and goodwill) to which I, in my position in the Company, have been and will continue to be exposed, and that my compensation under the Agreement incorporates special consideration with respect for this non-competition undertaking.

4. General

4.1 For the purpose of this Undertaking, the term "Company" shall include the Company and any subsidiaries or parent or related companies thereof.

4.2 The undersigned understands and agrees that monetary damages would not constitute a sufficient remedy for any breach or default of the obligations contained in this Undertaking, and that the Company shall be entitled, without derogating from any other remedies, to seek injunctive or other equitable relief to remedy or forestall any such breach or default or threatened breach.

4.3 No failure or delay by the Company in exercising any remedy, right, power or privilege hereunder shall be construed as a waiver. In the event that a provision of this Undertaking shall be determined to be unenforceable, because it is deemed by a competent court to be invalid or in conflict with any law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if this Undertaking did not contain the particular provision(s) held to be unenforceable.

4.4 In the event that the extent or duration of any obligation hereunder exceeds or extends the duration allowed by law, such obligation shall be deemed to be the maximum extent or duration allowed by law.

4.5 This Undertaking, its interpretation, validity and breach shall be governed by the laws of the State of Israel, without giving effect to the principles of conflicts of law. The parties hereto irrevocably submit to the exclusive jurisdiction of the courts of Haifa, Israel with respect to any dispute or matter arising out of, or connected with, this Undertaking.

4.6 I hereby agree that the Company shall be entitled to notify any other party of my obligations hereunder.

4.7 The provisions of this undertaking shall survive the termination of the Agreement.

In witness whereof , I hereby affix my name and signature, on this _____ day of _____, 2009.

EMPLOYMENT AGREEMENT

This Agreement is made and entered into on this _28__ of November, 2010, by and between Inspire MD Ltd., a company organized under the laws of the State of Israel, located at, 3 Menorat Hamaor St. Tel Aviv, Israel (the " **Company** ") and Craig Shore, ID No. 306399296 residing at 13/5 Shimon Ben Zvi St., Givatayim, Israel (the " **Employee** ").

WHEREAS, the Company is engaged in the business of research and development, manufacturing and marketing of invasive medical devices; and

WHEREAS, the Company desires to contract with the Employee as a VP Business Development on the terms and conditions set forth herein and the Employee desires to enter into this Agreement on such terms and conditions; and

WHEREAS, the Employee represents that he has the requisite skills and training to render the services hereunder;

NOW, THEREFORE, in consideration of the mutual undertakings of the parties, it is hereby agreed:

1. DUTIES AND RESPONSIBILITIES

1.1 As of 28 of November, 2010, (the " **Effective Date** "), the Employee shall be employed by the Company and shall perform the activities and projects assigned to him by the CEO of the Company. The Employee shall be employed on a full time job basis.

1.2 The Employee shall report directly to the CEO of the Company.

1.3 Except as specifically agreed in advance and in writing by the Company, so long as the Employee is employed by the Company, the Employee (i) shall devote his full working time and best efforts to the business and affairs of the Company and the performance of his duties hereunder; (ii) shall not engage in or be associated with, directly or indirectly, any other business which is competitive with the business of the Company namely in the field of invasive medical devices (hereinafter the " **Field** "); and (iii) shall not undertake or accept any other paid or unpaid employment or occupation, or use his professional skill for any purpose in the Field whether for his benefit of for the benefit of a third party.

1.4 The Employee's employment may require travel outside Israel and the Employee agrees to such travel as may be necessary in order to fulfill his duties hereunder.

1.5 The Employee's duties and responsibilities shall include but not be limited to those duties and responsibilities customarily performed by a VP Business Development.

1.6 The parties hereto confirm that this is a personal employment contract and that the relationship between the parties hereto shall not be subject to any general or special collective employment agreement or any custom or practice of the Company in respect of any of its other employees or contractors.

1.7 The Company shall determine the scope of the Employee's office and authorities in the Company, and be entitled to change same in accordance with the Company's need and at its sole discretion, which such changes shall not be deem causing an adverse change in the Employee's terms of employment and the Employee shall not have any claim against the Company in this regard.

1.8 The Employees understands that the Company shall provide him with a PC and / or laptop computer and an email account as part of his employment hereunder. The Employees hereby confirm that such computers and emaol account shall be the sole property of the Company. Therefore, the Employee is hereby irrevocably (i) undertakes not to use such computers and email address for personal use; and (ii) empowers and authorizes the Company to monitor and/or save any communication made through such computers and email address. Such email monitoring shall not be considered under any circumstances as a breach of the Employee right for privacy.

2. TERM AND TERMINATION

2.1 This Agreement and the employer-employee relationship created hereunder will remain in force until termination by either Party. **Annex A** hereto will remain in full force and effect after termination of this Agreement.

2.2 During the first six months of employment either party may terminate this Agreement by providing the other Party with fourteen (14) days prior written notice of termination. As of the seventh month of employment (June 2011) such written notice shall be provided thirty (30) days prior to termination. In the event that the Company will have a major change of control in terms of the ownership of the shares in the company or its IP will have a major change of control, then such written notice shall be provided one hundred and eighty (180) days prior to termination as long as the employee worked at least 6 months for the company and as long as the termination notice is given within 6 months of the change of control.
The major change in control will not include reverse merger or any kind of financial investment.

2.3 Despite the provisions of Section 2.1 and 2.2 above, the Company shall have the right to terminate this Agreement and the employer-employee relationship hereunder at any time for Cause (as hereinafter defined), by giving the Employee written notice of termination for Cause. In such event, this Agreement and the employer-employee relationship shall be deemed effectively terminated as of the time of delivery of such notice.

The term " **Cause** " shall mean (a) indictment or conviction of the Employee for committing a felony; (b) a breach of the Company's trust, including but not limited to theft, embezzlement, self-dealing, disclosure to unauthorized persons or entities of confidential or proprietary information of, or relating to, the Company and/or the engagement by the Employee in any business competitive to the business of the Company and/or its subsidiaries, affiliates or associated companies, as relevant; (c) a material breach of any section of this agreement by the Employee. Any breach of Annex A or Section 6 of this Agreement which shall be deemed a material breach; or (d) any reason which under Israeli law allows an employer to fire an employee without severance payment.

2.4 Subject to any provision under clause 2 which is more favorable to the employee over and above any right prescribed by law, each party shall assume all rights and obligations under the Law for Advance Notice on Dismissal and Resignation 5752-2001 (hereinafter " **the Advance Notice Law** ").

2.5 During the notice period under the Advance Notice Law and Section 2.2, the Employee, if so required by the Company, shall continue to perform his duties, cooperate with the Company and use his best efforts to assist in the integration into the Company's organization of the person or persons who will assume the Employee's responsibilities.

2.6 In case of advance notice of dismissal or resignation and the Employee is not required by the Company to continue to perform his duties during the advance notice days, in whole or in part, the obligation of the Company to pay the Employee for such days shall cease as of the time the Employee is either employed or engaged elsewhere in any manner which is not permitted under his Employment Agreement while he is still employed by the Company.

2.7 The Parties hereby agree that in the event the Employee shall be entitled to receive a notice from the Company, as specified above in Section 2.2 above, the Company, in its sole discretion, shall be entitled to pay the Employee a payment equal to the Basic Salary, social benefits and use of the Company's car during the notice period or the remaining period thereof, in lieu of maintaining the Employee's employment during the notice period. In said event the employment relationship between the Parties shall terminate immediately upon such payment.

3. BASIC SALARY AND BENEFITS

3.1 Basic Salary

3.1.1 The Company shall pay the Employee a gross monthly salary of NIS 30,000 (the " **Basic Salary** ").

3.1.2 Upon completion of the reverse merger of the Company, the Employee's basic salary will be increased to NIS 35,000. All social benefits to which the Employee shall be entitled until such salary raise shall be calculated from a salary of NIS30,000.

3.1.2 The Basic Salary shall be updated according to the increases determined by applicable law (Tosefot Yoker or similar provisions).

3.1.3 The Basic Salary for each month shall be payable within ten (10) calendar days of the first day of the following calendar month.

3.1.4 As the Employee is employed hereunder in a senior managerial position involving also a fiduciary relationship between the Employee and the Company, the Work and Rest Law (5711-1951), and any other law amending or replacing such law, shall not apply to the Employee or to his employment with the Company, and the Employee shall not be entitled to any compensation in respect of such law. The Employee acknowledges that the compensation set for him hereunder includes compensation that would otherwise be due to the Employee pursuant to such law.

3.1.5 Subject to Sections 3.2 to 3.4 below, the Basic Salary shall be comprehensive and all-inclusive in that it shall be deemed to embody the Employee's entire compensation for his employment and work including those social benefits which can be embodied under law in the salary, except where it is otherwise specifically set forth in this Agreement.

3.2 Manager's Insurance

3.2.1 The Company shall effect a Manager's Insurance Policy (the "Policy") for the Employee through an insurance company chosen by the Employee, and shall pay a sum equal up to 15.83% of the Employee's Basic Salary towards such Policy, of which 8.33% shall be on account of severance pay and 5% on account of pension fund payments and up to a further 2.5% of the Employee's Basic Salary on account of disability pension payments. The Company shall deduct 5% from the Employee's Basic Salary to be paid on behalf of the Employee towards such Policy.

It is further agreed by the Parties that during his employment period with the Company, the Company shall be the sole owner of the Policy. Other than in the case where the Employer-Employee relationship was terminated under circumstances of Cause, in the event of a termination of this Agreement the Company shall transfer the title in the Policy to the Employee.

3.2.2 The amounts which the Employee is entitled to receive from the Manager's Insurance Policy accruing from disbursements paid by the Company towards the said policy on account of severance pay portion, shall be credited against any obligation the Company may have to pay severance pay under the law.

3.3 Recuperation Pay (Dmei Ha'vraa)

The Employee shall be entitled to Recuperation Pay for a certain number of days, as provided by law.

3.4 Vacation

The Employee shall be entitled 20 Business Days (as defined below) vacation for each calendar year of work or as prescribed by the Annual Leave Law, 5711 – 1951, whichever is more beneficial to the Employee. The Employee shall not be entitled to payment in lieu of any unused vacation days save for in the event of termination of his employment

The dates of the Employee's vacation shall be coordinated with his/ immediate supervisor.

For purposes of this Section 3.4, a Business Day shall mean any Sunday through Thursday during which the Company is open for business.

3.5 Sick Leave

The Employee shall be entitled to paid sick leave as provided by law.

3.6 Company Car

3.6.1 During his employment with the Company the Employee shall be entitled to a Company's car (whether owned or rented) of a type and size as shall be determined solely by the Company (hereinafter the "Company's Car"). The Employee will use the Company's Car for carrying out his duties and for the Employee's private and family (of first degree) use, subject to the applicable insurance policy. The Company shall bear the Company's maintenance and usage expenses up to 25,000 kilometers per year. The Employee shall pay NIS 0.35 for each and every kilometer exceeding 25,000 kilometers per year. The make, model and year of the car shall be agreed upon between the Company and the employee.

3.6.2 The Employee shall be liable for all traffic tickets and fines (unless it can be shown that the violation was committed by another Company employee), and hereby irrevocably agrees that in the event that the Company shall pay such tickets or fines, the Company shall be entitled to deduct any such payment from the Employee's Basic Salary or other benefit under this Agreement.

3.6.3 Any tax liability that shall be incurred and/or imposed with respect to the Company's Car benefit shall be solely borne by the Employee.

3.6.4 The Employee shall be responsible for the full compliance on his and his family's part regarding the car policy provisions and the car lease contract which relates to the use of the car.

3.7 Cellular Telephone

The Company shall provide the Employee with use of a cellular telephone during the course of his employment, and shall bear all reasonable expenses relating thereto. Any tax liability that shall be incurred and/or imposed with respect to the cellular telephone benefit shall be solely borne by the Employee.

3.8 Employee Stock Options

Subject to the approval of the Company's Board of Directors ("BOD"), the Employee shall be granted stock options of the Company according and subject to the Employee Stock Option Plan and the customary Option Award Agreement to be entered between the parties. The amount of granted stock options will be 45.000 subject to the Company's BOD approval. In the event of termination of the employee's contract as a consequence of a change of control in the ownership of the shares or the IP and if the employee was terminated within the first one year after such change of control then all outstanding options out of the pool of 45,000 options that were given and not fully vested at that time will immediately become vested (the " **Acceleration** "). The Employee's right for Acceleration shall apply only if the Employee shall be working at least 6 months at the closing date of the change of control event.

The term "change of control" will not include any kind of change in the Company's BOD composition or share capital as a result of (i) financial investment(s) in the Company's share capital; or (ii) a reverse merger with or into a third party, the main purpose of which is to raise financing to the Company.

3.9 Taxes

Any taxes imposed on the benefits granted to the Employee hereunder shall be borne by the Employee and shall be deducted from his salary.

4. PROPRIETARY INFORMATION AND WORK PRODUCT

4.1 The Employee agrees that the terms of his employment in regard to confidentiality, development rights and non-competition shall be as set forth in the Confidentiality, Development Rights and Non-Competition Undertaking, attached hereto as **Annex A** .

4.2 It is understood by the parties hereto that the Confidentiality, Development Rights and Non-Competition Undertaking shall be valid as of the date hereof and shall survive the termination of the Agreement (the " **Employment Term** ").

5. WARRANTIES

5.1 The Employee represents and warrants that on the date hereof he is free to provide services to the company upon the terms contained in this Agreement and that there are no employment contracts, consulting contracts or restrictive covenants preventing full performance of his duties hereunder.

5.2 The Employee represents and warrants that he will not use, during the course of his employment with the Company, any trade secrets or proprietary information which is the property of his previous employer(s), in such a manner that may breach any confidentiality or other obligation the Employee may have to such former employer(s).

6. GENERAL PROVISIONS

6.1 This Agreement shall not be amended, modified or varied by any oral agreement or representation, except by written instrument executed by both parties or their duly authorized representatives.

6.2 No failure or delay of either party in exercising any power or right hereunder shall in any way restrict or diminish such party's rights and powers under this Agreement, or operate as a waiver of any breach or non-performance by either party of any of the terms or conditions hereof.

6.3 If any term or provision of this Agreement shall be declared invalid, illegal or unenforceable, then such term or provision shall be enforceable to the extent that a court shall deem it reasonable to enforce such term or provision and, if any such term or provision shall be held by any competent court to be unreasonable to enforce to any extent, such term or provision shall be severed and all remaining terms and provisions shall be unaffected and shall continue in full force and effect.

6.4 The terms and conditions of this Agreement supersede those of all previous agreements and arrangements, either written or oral, relating to the subject thereof.

6.5 This Agreement is personal to the Employee, and the Employee shall not assign or delegate his rights or duties to a third party, whether by contract, will or operation of law, without the Company's prior written consent.

6.6 This Agreement shall inure to the benefit of the Company's successors and assigns.

6.7 Each notice and/or demand given by a party pursuant to this Agreement shall be in writing and sent by registered mail to the other party at the address appearing in the caption of this Agreement, and such notice and/or demand shall be deemed given at the expiration of seven (7) days from the date of mailing by registered mail or immediately if delivered by hand. Such address shall be effective unless notice of a change in address is provided by registered mail to the other party.

6.8 It is hereby agreed between the parties that the laws of the State of Israel shall apply to this Agreement.

6.9 The headings of the sections and subsections of this Agreement are for convenience of reference only and are not to be considered in construing this Agreement.

6.10 The recitals, schedules, annexes and exhibits hereto are an integral part hereof.

IN WITNESS WHEREOF , the parties have executed this Agreement as of the day and year first above written:

_____	_____
Inspire MD Ltd.	**The Employee**

By: _____

Title: _____

ANNEX A

CONFIDENTIALITY, DEVELEPMENT RIGHTS AND NON-COMPETITION UNDERTAKING (the "Undertaking")

To:
Inspire MD Ltd. (the " **Company** ")

Further to my employment agreement with the Company dated of even date (the " **Agreement** "), I, the undersigned Craig Shore, do hereby declare and undertake towards the Company as an integral part of my Agreement, the following:

All undefined capitalized terms used herein shall have the meanings ascribed to them in the Agreement.

1. Confidentiality

I acknowledge that in the course of the Employment Term, I may (or may have) receive(d), learn(ed), be(en) exposed to, obtain(ed), or have (had) access to non-public information relating to the Company, its business, operations and activities, including without limitation any commercial, financial, business or technical information, inventions, developments, processes, specifications, technology, know-how and trade secrets, information regarding marketing, operations, financial, operations, plans, activities, customers, suppliers, business partners, etc. (" **Confidential Information** "), and hereby undertake: ***(a)*** to maintain the Confidential Information in strict confidence at all times and not to communicate, publish, reveal, describe, allow access to, divulge or otherwise disclose, expose or make available the Confidential Information in whole or in part, to any person or entity, all whether directly or indirectly, and whether in writing or otherwise; and ***(b)*** not to use the Confidential Information for any purpose other than for the performance of the Consulting Services. I recognize that the Company may receive confidential or proprietary information from third parties, subject to a duty on the Company's part to maintain the confidentiality of such information and to use it only for certain limited purposes. In connection with such duties, such information shall be deemed Confidential Information hereunder, *mutatis mutandis .*

Upon the earlier of the Company's request or the termination of the Agreement for whatever reason, I shall return to the Company any and all documents and other tangible materials containing Confidential Information, and shall erase or destroy any computer or data files in my possession containing such Confidential Information, such that no copies or samples of Confidential Information shall remain with me.

All Confidential Information made available to, received by, or generated by me shall remain the property of the Company, and no license or other rights in or to the Confidential Information is granted hereby. All files, records, documents, drawings, specifications, equipment, notebooks, notes, memoranda, diagrams, blueprints, bulletins, formula, reports, analyses, computer programs, and other data of any kind relating to the business of the Company, whether prepared by the undersigned or otherwise coming or having come into my possession, and whether or not marked or classified as Confidential Information, shall remain the exclusive property of the Company.

2. Development Rights :

I acknowledge that all inventions, developments, improvements, mask works, trade secrets, modifications, discoveries, concepts, ideas, techniques, methods, know-how, designs, and proprietary information, whether or not patentable or otherwise protectable, and all intellectual property rights associated therewith, which are or have been invented, made, developed, discovered, conceived or created, in whole or in part, by me, independently, or jointly with others, ***(i)*** related to the Field or the Company's Business or related to the Company's research and development which are invented, made, developed, discovered or conceived during the Employment Term and 12 (twelve) months thereafter; ***(ii)*** within the framework of my employment, or as a result of my employment with the Company; or ***(iii)*** with the use of any Company's equipment, supplies, facilities, or proprietary information; shall be the sole and exclusive property of the Company (all of the above: the " **IP Rights** "). I shall have no rights, claims or interest whatsoever in or with respect to the IP Rights. I hereby irrevocably and unconditionally assign to the Company any and all rights and interests in the IP Rights.

I undertake to take all necessary measures and to fully cooperate with the Company, during and after the Employment Term, in order to perfect, enforce, and/or defend the IP Rights, as described above, and effectuate the Company's title and interest therein, including without limitation as follows: ***(i)*** to promptly disclose to the Company any and all IP Rights; ***(ii)*** to keep accurate records relating to the conception and reduction to practice of all IP Rights, which records shall be the sole and exclusive property of the Company and shall be surrendered to the possession of the Company, immediately upon their creation; and ***(iii)*** to provide the Company with all information, documentation, and assistance, including the preparation or execution, as applicable, of documents, declarations, assignments, drawings and other data, all such information, documentation, and assistance to be provided at no additional expense to the Company, except for out-of-pocket expenses incurred by me at the Company's with the Company's prior written consent. For the removal of any doubt, I shall not be entitled to any additional compensation for fulfilling my duties hereunder.

3. Non-Competition

I undertake that, absent the prior written consent of the Company, for the Employment Term and for a period of 6 (six) months thereafter, I will not be involved, whether directly or indirectly, in any way, in any activity which operates in the Field of the Company.

I undertake that, absent the prior written consent of the Company, for the Employment Term and for a period of 18 (eighteen) months thereafter, I will not be involved, whether directly or indirectly, in any way, in any activity which is competitive with the Company or the Company's Operations.

For purposes of this Section 3, the "Company's Operations" shall mean the Company's Business and/or any other field approved by the Board of Directors of the Company during the Employment Term which the Company, during the Employment Term, engages in, enters into, or takes active steps towards entering into (all including research and development activity). I expressly acknowledge that the business objectives and targeted operating market of the Company are world-wide, and consequently the obligations prescribed in this Section 3 shall apply on a world-wide basis. For the purpose of this Section 3, "directly or indirectly" includes doing business as an owner, an independent contractor, shareholder, director, partner, manager, agent, employee or consultant, but does not include holding up to 3% of the free market shares of any publicly traded companies.

I further undertake that for a period of 18 (eighteen) months after the Employment Term, I will not employ, offer to employ or otherwise engage or solicit for employment any person who is or was, during the 12 (twelve) month period prior to the end of the Employment Term, an employee or exclusive consultant, exclusive supplier or exclusive contractor of the Company, and shall not conduct, whether directly or indirectly, any activity which intervenes in the relationship between the Company and any of its employees, contractors, suppliers or consultants.

I hereby acknowledge that the provisions of this Section 3 are reasonable and necessary to legitimately protect the Company's Confidential Information, IP Rights and property (including intellectual property and goodwill) to which I, in my position in the Company, have been and will continue to be exposed, and that my compensation under the Agreement incorporates special consideration with respect for this non-competition undertaking.

4. General

4.1 For the purpose of this Undertaking, the term "Company" shall include the Company and any subsidiaries or parent or related companies thereof.

4.2 The undersigned understands and agrees that monetary damages would not constitute a sufficient remedy for any breach or default of the obligations contained in this Undertaking, and that the Company shall be entitled, without derogating from any other remedies, to seek injunctive or other equitable relief to remedy or forestall any such breach or default or threatened breach.

4.3 No failure or delay by the Company in exercising any remedy, right, power or privilege hereunder shall be construed as a waiver. In the event that a provision of this Undertaking shall be determined to be unenforceable, because it is deemed by a competent court to be invalid or in conflict with any law of any relevant jurisdiction, the validity of the remaining provisions shall not be affected, and the rights and obligations of the Parties shall be construed and enforced as if this Undertaking did not contain the particular provision(s) held to be unenforceable.

4.4 In the event that the extent or duration of any obligation hereunder exceeds or extends the duration allowed by law, such obligation shall be deemed to be the maximum extent or duration allowed by law.

4.5 This Undertaking, its interpretation, validity and breach shall be governed by the laws of the State of Israel, without giving effect to the principles of conflicts of law. The parties hereto irrevocably submit to the exclusive jurisdiction of the courts of Haifa, Israel with respect to any dispute or matter arising out of, or connected with, this Undertaking.

4.6 I hereby agree that the Company shall be entitled to notify any other party of my obligations hereunder.

4.7 The provisions of this undertaking shall survive the termination of the Agreement.

In witness whereof , I hereby affix my name and signature, on this 28 day of November, 2010.

_____
Craig Shore

Inspire M.D Ltd.

LETTER OF INDEMNIFICATION

Date: _____

To: [ ]

You are or have been appointed as a director and/or an officer of Inspire M.D Ltd., a company organized under the laws of the State of Israel (the " **Company** "), and in order to enhance your service to the Company in an effective manner, the Company desires to provide hereunder for your indemnification to the fullest extent permitted by law.

In consideration of you continuing to serve the Company, the Company hereby agrees as follows:

1. The Company hereby undertakes to indemnify you to the maximum extent permitted by the Companies Law, 5759-1999 (the " **Companies Law** "), with respect to any of the following liabilities, whether imposed on, or incurred by you in respect of an act performed in your capacity as a director, officer and/or employee of the Company:

1.1 a monetary liability imposed on you by a judgment in favor of another person, including a judgment imposed on you in a compromise or in an arbitrator's decision that was approved by a Court;

1.2 reasonable trial expenses, including advocates' fees, expended by you in consequence of an investigation or procedure conducted against you by an authority competent to conduct an investigation or procedure, and which was concluded without an indictment against you and without any monetary obligation imposed on you in lieu of a criminal proceeding, or which ended without an indictment against you, but with a monetary obligation imposed on you in lieu of a criminal proceeding for an offense that does not require proof of criminal intent; in this paragraph- **"concluding a procedure without an indictment on a matter on which a criminal investigation was begun"** means closing the case under section 62 of the Criminal Law Procedure Law [Consolidated Version] 5742-1982 (in this subsection: the Criminal Procedure Law), or a stay of proceedings by the Attorney General under section 231 of the Criminal Procedure Law;

"monetary obligation in lieu of a criminal proceeding" - a monetary obligation imposed under Law in lieu of a criminal proceeding, including an administrative fine under the Administrative Offenses Law 5746-1985, a fine for an offense designated a finable offense under the provisions of the Criminal Procedure Law, a monetary composition or a forfelt; and

1.3 reasonable legal expenses, including advocates' fees, which you were incurred or with which you were charged by the Court, in a proceeding brought against you by the Company, in its name or by another person, or in a criminal prosecution in which you were found innocent, or in a criminal prosecution in which you were convicted of an offense that does not require proof of criminal intent.

The above indemnification will also apply to any action taken by you in your capacity as a director and/or officer and/or employee of any other company controlled, directly or indirectly, by the Company (a " **Subsidiary** ").

2. Notwithstanding the aforesaid, the Company will not indemnify you in respect of:

2.1 Actions and/or circumstances according to which indemnification is prohibited under the Companies Law and/or other applicable law.

2.2 With respect to or in connection with the proceedings or claims initiated or brought voluntarily by you against the Company or a Subsidiary or a counterclaim made by the Company or a Subsidiary in their respective names against you with respect or in connection whereof, other than by way of defense or by way of third party notice to the Company or a Subsidiary in connection with claims brought against you, except in specific cases in which the Board of Directors of the Company has approved the initiation or bringing of such suit, which approval shall not be unreasonably withheld.

2.3 The Company will make available all amounts needed in accordance with paragraph 1 above on the date on which such amounts are first payable by you (" **Time of Indebtedness** "), and with respect to items referred to in paragraph 1.2 above, even prior to a court decision, in such amount as shall be estimated by the Board of Directors to cover such expenses. Advances given to cover legal expenses in criminal proceedings will be repaid by you to the Company if you are found guilty of a crime which does require proof of criminal intent, and other advances will be repaid by you to the Company upon its first demand if it is determined by Company's legal counsel that you are not lawfully entitled to such amount, plus minimum interest rate pursuant to the Income Tax Regulations (Determination of Interest Rate) 1985.

As part of the aforementioned undertaking, the Company will make available to you any security or guarantee that you may be required to post in accordance with an interim decision given by a court or an arbitrator, including for the purpose of substituting liens imposed on your assets; provided, however, that if it is determined by a court of law that you are not entitled to be indemnified by the Company, you shall promptly execute all documents required and provide all assistance necessary to substitute and replace any Company-provided security or guarantee with alternate security or guarantees.

3. The Company will indemnify you even if at the relevant Time of Indebtedness you are no longer a director, officer or employee of the Company or of a Subsidiary, in accordance with the terms and conditions of this Letter of Indemnification, provided that the obligations are in respect of actions taken by you while you were a director, officer, employee, as aforesaid, and in such capacity.

4. The indemnification will be limited to the expenses mentioned in paragraph 1.2 and 1.3 (pursuant and subject to paragraph 2 and insofar as indemnification with respect thereto is not restricted by law or by the provisions of paragraph 2 above) and to the matters mentioned in paragraph 1.1 above insofar as they result from your actions in the following matters or in connection therewith, which the Company's Board of Directors has resolved are foreseeable in light of the actual activities of the Company:

4.1 The offering and/or allotment of securities by the Company and/or by a shareholder to the public and/or to private investors or to its shareholders or the offer by the Company to purchase securities from the public and/or from private investors and/or from its shareholders or other holders pursuant to a prospectus, agreements, notices, reports, tenders and/or other proceedings, whether in Israel or abroad;

4.2 Violations of laws requiring the Company to obtain regulatory and governmental licenses, permits and authorizations in any jurisdiction;

4.3 Occurrences in connection with investments that the Company and/or Subsidiaries make in other corporations whether before and/or after the investment is made, entering into the transaction, the execution, development and monitoring thereof, including actions taken by you in the name of the Company and/or a Subsidiary as a director, officer and/or employee of the corporation the subject of the transaction and the like;

4.4 The sale, purchase and holding of negotiable securities or other investments for or in the name of the Company and/or Subsidiary;

4.5 Actions in connection with the merger of the Company and/or Subsidiary with or into another entity;

4.6 Actions in connection with the sale of the operations and/or business, or part thereof, of the Company and/or Subsidiary;

4.7 Without derogating from the generality of the above, actions in connection with the purchase or sale of companies, legal entities or assets, and the division or consolidation thereof;

4.8 Actions relating to the operations and management of the Company and/or Subsidiaries;

4.9 Actions relating to agreements and transactions of the Company and/or Subsidiaries with others, including, for example: customers, suppliers, contractors, etc.;

4.10 Actions concerning the approval of transactions of the Company with officers and/or directors and/or holders of controlling interests in the Company and/or the approval of corporate actions, including the approval of acts of the Company's management, their guidance and their supervision;

4.11 Monetary liabilities to third parties relating to the return of loans or other indebtness;

4.12 Actions taken in connection with labor relations and/or employment matters in the Company and/or its Subsidiaries and trade relations of the Company and/or Subsidiaries, including with employees, independent contractors, customers, suppliers and various service providers, including stock options granted or promised (or allegedly promised) thereto or exchanges of such options with other securities;

4.13 Actions in connection with the development or testing of products developed by the Company and/or Subsidiaries or in connection with the distribution, sale, license or use of such products, including without limitation, in connection with clinical trials, professional liability and product liability claims;

4.14 Actions taken in connection with the intellectual property of the Company and/or Subsidiaries, and its protection, including the registration or assertion of rights to intellectual property and the defense of claims related to intellectual property, including any assertion that the Company's and/or its Subsidiaries products infringe on the intellectual property rights or constitute a misappropriation of any third party's trade secrets;

4.15 Actions taken pursuant to or in accordance with the policies and procedures of the Company and/or Subsidiaries, whether such policies and procedures are published or not;

4.16. Claims in connection with publishing or providing any information, including any filings with governmental authorities, on behalf of the Company or Subsidiaries in the circumstances required under applicable laws;

4.17 Actions taken in connection with the financial reporting of the Company or any of its Subsidiaries, and in providing guidance to the public regarding future performance thereof.

4.18 Approval of corporate actions, in good faith, including the approval of the acts of the Company's management, their guidance and their supervision.

4.19 Any claim or demand made under any securities laws or by reference thereto, or related to the failure to disclose any information in the manner or time such information is required to be disclosed pursuant to such laws, or related to inadequate or improper disclosure of information to shareholders, or prospective shareholders, or related to the purchase, holding or disposition of securities of the Company or any other investment activity involving or effected by such securities, including, for the removal of doubt, any offering of the Company's securities to private investors or to the public, and listing of such securities, or the offer by the Company to purchase securities from the public or from private investors or other holders, and any undertakings, representations, warranties and other obligations related to any such offering, listing or offer or to the Company's status as an issuer of securities

4.20 Any claim or demand made by any lenders or other creditors or for monies borrowed by, or other indebtedness of, the Company or its Subsidiaries .

4.21 Any claim or demand made directly or indirectly in connection with complete or partial failure, by the Company or any Subsidiary thereof, or their respective directors, officers and employees, to pay, report, keep applicable records or otherwise, any state, municipal or foreign taxes or other mandatory payments of any nature whatsoever, including, without limitation, income, sales, use, transfer, excise, value added, registration, severance, stamp, occupation, customs, duties, real property, personal property, capital stock, social security, unemployment, disability, payroll or employee withholding or other withholding, including any interest, penalty or addition thereto, whether disputed or not.

4.22 Any claim or demand made by purchasers, holders, lessors or other users of products of the Company or its Subsidiaries, or individuals treated with or exposed to such products, for damages or losses related to such use or treatment.

4.23 Criminal or civil proceedings regarding the company's ordinary and continuous course of business, including exceptional transactions of the Company.

4.24 Any damage or injury of each of the Company's employees, constractors, visitors and invited, continuous or by accident, to be caused by accident or continuous event or by employement conditions, temporary or permanent in the Company's factories or in any other part of them.

4.25 Claims against a officer in connection with the liquidation of the Company or appointment of receivership with regard to the Company's assets.

4.26 Claims in connection with documents relating to the abovementioned matters, or in connection with acts or decisions relating to the abovementioned matters, including representations and obligations that were given towards third parties or the Company, its Subsidiaries or towards anybody on acting on its behalf (including counsels such as auditors, attorneys etc.)

In any of the matters mentioned in Sections 4.1-4.26 above, whether occurred in Israel or abroad.

5. The total aggregate amount of indemnification that the Company undertakes to indemnify you and all other directors and officers of the Company, for all of the matters and circumstances described in paragraphs 1.1, 1.2 and 1.3 above, shall not exceed: an aggregate amount equal to US$3,000,000 (the " **Maximum Amount** ").

The Company is entitled to increase the Maximum Amount as shall be approved, from time to time, by its authorized organs according to the Companies Law. If and to the extent the total amount of indemnification that the Company is required to pay shall exceed the Maximum Amount (in the amount applicable at such time) pursuant to Section 5 above, the Maximum Amount or its balance espectively, will be distributed among the directors and/or officers that are entitled to the indemnification, in a way that the amount that each of the directors and/or officers actually receives shall be calculated according to the ratio between (i) the indemnification amount that each of the directors and/or officers is entitled to pursuant to the obligations or expenses he is liable to bear as a result of a claim and (ii) the indemnification amount that each of the aforementioned directors and/or officers is entitled to pursuant to the obligations or expenses all of the directors and/or officers are liable to bear as a result of a claim, in aggregate regarding the mentioned claim.

6. The Company will not indemnify you for any liability with respect to which you have received payment by virtue of an insurance policy or another indemnification agreement other than for amounts which are in excess of the amounts actually paid to you pursuant to any such insurance policy or other indemnity agreement (including deductible amounts not covered by insurance policies), within the limits set forth in paragraph 5 above. To the extent the Company maintains a liability insurance policy or policies applicable to directors and officers and you are a covered person under such policy or policies, you agree to provide all necessary assistance in connection with such claim.

7. Subject to the provisions of paragraphs 5 and 6 above, the indemnification hereunder will, in each case, cover all sums of money (100%) that you will be obligated to pay, in those circumstances for which indemnification is permitted under the law and under this Agreement.

8. The Company will be entitled to any amount collected from a third party in connection with liabilities indemnified hereunder.

9. In all indemnifiable circumstances indemnification will be subject to the following:

9.1 You shall promptly notify the Company of any legal proceedings initiated against you and of all possible or threatened legal proceedings without delay following your first becoming aware thereof, however, your failure to notify the Company as foresaid shall not derogate from your right to be indemnified as provided herein except and to the extent that such failure to provide notice materially and adversely prejudices the Company's ability to defend against such action. You shall deliver to the Company, or to such person as it shall advise you, without delay all documents you receive in connection with these proceedings.

Similarly, you must advise the Company on an ongoing and current basis concerning all events which you suspect may give rise to the initiation of legal proceedings against you in connection with your actions or omissions as a director or office holder of the Company and/or any Subsidiary.

9.2 Other than with respect to proceedings that have been initiated against you by the Company or in its name, the Company shall be entitled to undertake the conduct of your defense in respect of such legal proceedings and/or to hand over the conduct thereof to any attorney which the Company may choose for that purpose, except to an attorney who is not, upon reasonable grounds, acceptable to you.

Notwithstanding the foregoing, you will be entitled to appoint an attorney of your own that shall accompany you in such procedure. Your attorney shall be fully updated on the defense procedure, and the Company and the attorney conducting the legal defense on behalf of the Company shall fully cooperate with your attorney, including regularly consulting with your attorney on the measures taken in the course of the defense. The Company shall indemnify you for all reasonable expenses incurred by you in connection with engaging such attorney, under the terms and conditions of this Letter of Indemnification.

The Company and/or its attorney appointed by it as aforesaid shall be entitled, within the context of the conduct as aforesaid, to conclude such proceedings, all as it shall see fit, including by way of settlement. At the request of the Company, you shall execute all documents reasonably required to enable the Company and/or its attorney as aforesaid to conduct your defense in your name, and to represent you in all matters connected therewith, in accordance with the aforesaid.

For the avoidance of doubt, in the case of criminal proceedings the Company and/or its attorney as aforesaid will not have the right to plead guilty in your name or to agree to a plea-bargain in your name without your written consent. Furthermore, in a civil proceeding (whether before a court or as a part of a compromise arrangement), the Company and/or its attorney will not have the right to admit to any occurrences that are not indemnifiable pursuant to this Letter of Indemnification and/or pursuant to law, without your written consent. However, the aforesaid will not prevent the Company and/or its attorney as aforesaid, with the approval of the Company, coming to a financial arrangement with a plaintiff in a civil proceeding without your consent so long as such arrangement will not be an admittance of an occurrence not indemnifiable pursuant to this Letter of Indemnification and/or pursuant to law, and further provided that any such settlement or arrangement does not impose on you any liability or limitation. Irrespective of the foregoing, in the event that the D&O insurance policy shall apply on the matter and to the extent that its referral to its attorney enables the insurer to be released from its liability or to reduce it, the Company shall act in accordance with the policy with regard to the identity of attorney. In such event, the provisions of the policy shall prevail in such matter over any agreement between any director and/or officer and the Company, however the Company shall make reasonable efforts, to the extent possible within the scope of the policy, to consider the position of the director and/or an officer.

9.3 You will fully cooperate with the Company and/or its attorney as aforesaid in every reasonable way as may be required of you within the context of their conduct of such legal proceedings, including but not limited to the execution of power(s) of attorney and other documents, provided that the Company shall cover all costs incidental thereto such that you will not be required to pay the same or to finance the same yourself.

9.4 If, in accordance to paragraph 9.2, the Company has taken upon itself the conduct of your defense, the Company will have no liability or obligation pursuant to this Letter of Indemnification or the above resolutions to indemnify you for any legal expenses, including any legal fees, that you may expend in connection with your defense, unless (i) the Company shall not have assumed the conduct of your defense as contemplated, (ii) the Company refers the conduct of your defense to an attorney who is not, upon reasonable grounds, acceptable to you, (iii) the named parties to any such action (including any impleaded parties) include both you and the Company, and joint representation is inappropriate under applicable standards of professional conduct due to a conflict of interest between you and the Company, (iv) the Company in its absolute discretion shall agree, or (v) the Company shall agree to such reasonable expenses incurred by you pursuant to the second paragraph of subsection 9.2 hereinabove.

9.5 The Company will have no liability or obligation pursuant to this Letter of Indemnification or the above resolutions to indemnify you for any amount expended by you pursuant to any compromise or settlement agreement reached in any suit, demand or other proceeding as aforesaid without the Company's consent to such compromise or settlement, which consent shall not be unreasonably withheld.

10. The Company hereby exempts you, to the fullest extent permitted by law, from any liability for damages caused as a result of a breach of your duty of care to the Company, provided that in no event shall you be exempt with respect to any actions and/or circumstances according to which exemption is prohibited under the Companies Law.

11. If for the validation of any of the undertakings in this Letter of Indemnification any act, resolution, approval or other procedure is required, the Company undertakes to cause them to be done or adopted in a manner which will enable the Company to fulfill all its undertakings as aforesaid.

12. If any undertaking included in this Letter of Indemnification is held invalid or unenforceable, such invalidity or unenforceability will not affect any of the other undertakings which will remain in full force and effect. Furthermore, if such invalid or unenforceable undertaking may be modified or amended so as to be valid and enforceable as a matter of law, such undertakings will be deemed to have been modified or amended, and any competent court or arbitrator are hereby authorized to modify or amend such undertaking, so as to be valid and enforceable to the maximum extent permitted by law.

13. This Letter of Indemnification and the agreement herein shall be governed by and construed and enforced in accordance with the laws of the State of Israel and the competent courts of Tel-Aviv shall have exclusive jurisdiction over any dispute arising between the parties with respect of this Letter of Indemnification.

14. This Letter of Indemnification cancels any preceding letter of indemnification that may have been issued to you.

This letter is being issued to you pursuant to the resolutions adopted by the Board of Directors of the Company on _____ and by the shareholders of the Company on _____. The Board of Directors has determined, based on the current activity of the Company, that the amount stated in paragraph 5 is reasonable and that the events listed in paragraph 4 are reasonably anticipated.

Very truly yours,

Inspire M.D Ltd.

Date: _____ By: _____
Name:
Title:

Kindly sign and return the enclosed copy of this letter to acknowledge your agreement to the contents hereof.

The undersigned approve and agree to the conditions set in this Letter of Indemnification.

Date: _____ By: _____
Name:
Title:

Name of the customer: Inspire M.D. Ltd.
Company no. 513679431

Date: 27 th of January 2009

Address: 3 Menorat Hameor Tel Aviv

Account no.: 195242

To
Bank Mizrachi Tefacot Ltd .

Dear Sirs,

Re: Loans Framework Agreement

We are putting in writing the agreement between us in respect to loans which you shall provide us, from time to time based on this agreement, and based on the specific loans agreement the example of which is attached hereto as appendix A and which shall be considered as a separate part of this letter, which shall be submitted to you in the future, from time to time, based on this framework agreement, and which shall be approved by you. All the loans which shall be provided to us shall be in accordance and subject to the "application to open an account" and/or "account changes" and "general account managing terms" and "general credit activities terms" and all their appendixes and amendments according to which we entered into a contractual engagement with the Bank, and all in these abovementioned documents, and all of their terms shall apply and be binding in respect to the loans that you will provide us.

1. The Lender – Bank Mizrachi Tefachot Ltd. (hereinafter: the "Bank").

2. The Borrower – Inspire M.D. Ltd.

3. The Framework of the Loan :

The total framework amount that the borrower may use according to this agreement shall be up to $2,000,000 according to the details and conditions hereafter:

3.1 A loan in foreign currency in the amount of $750,000 may be used after fulfilling all of the Prior Conditions as set forth in section 5 hereafter (hereinafter – the "Prior Conditions") and not later than the 15 th of February 2009. The loan principal shall be paid in 8 quarterly equal consecutive payments starting from a year from the date of actually providing the loan. The performance commission for providing this loan shall be as set forth in the price list of the Bank and it shall be collected when providing the loan.

3.2 Another loan in foreign currency in the amount of $750,000 shall be provided to the borrower not later than the 3 rd of August 2009 after fulfilling all the Prior Conditions and after it shall be proven to the Bank, to the Bank's satisfaction up to the 31 st of July 2009 that:

(a) The company actually performed sales of its products in the amount of at least 2 million $ at least in the first have of the year 2009; and also
(b) The company has accumulated orders of at least 0.5 million $ to supply after the 1 st of July 2009;

The loan principal shall be paid in 8 quarterly equal consecutive payments starting from the actually date of providing the loan. The performance commission for providing this loan shall be as set forth in the price list of the Bank and it shall be collected when providing the loan.

3.3 Within the framework of the loans for financing export shipping (Export Shipping Finance - ESF) in the amount of 0.5 million $ (hereinafter: the "ESF Framework". In this framework it shall be possible to finance also invoices to customers in Israel.

3.3.1 Each loan from the ESF Framework shall be in the amount which is not more than 85% of the amount of invoices for payment that were issued to the borrower's customer and whose date of payment shall not exceed 120 days from the date of issuing the invoices and it shall be provided after the invoices are presented to the Bank and a "export documents presentation" form signed by the borrower are presented to the Bank. The Bank will not be required to provide the loans within this framework unless it approved the owing customers and the amounts of the invoices, according to its sole discretion. It shall be clarified that an adverse change in the situation of a customer may cause the Bank to cancel its approval.

3.3.2 The performance commission for providing any loan from this framework shall be at the rate of 10% of the performance commission set forth in section 3.1 and it shall be collected when providing the loan.

3.3.3 The EFC Framework may be used up to the 31 st of December 2009. Each loan out of the EFC Framework shall be provided up to the date of payment of the financed invoices and in any event it shall be paid no later than the 11 th of January 2010. The amount that shall be paid as mentioned may be re-borrowed for a period of the framework period, subject to the borrower fulfilling all of his undertakings under this agreement and there is no reason to require its immediate payment.

3.3.4 At the request of the Bank, all the agreements with the customers and/or their orders and delivery certificates shall be presented.

4. Any withdrawal in accordance with this agreement shall be allowed as long as there is not reason for immediate payment according to the Bank's documents. The borrower's notice of his intention to withdraw the loan shall be given to the Bank in writing at least 3 business days before the date for performing the loan and it shall contain the requested date for providing the loan and its amount and a declaration that that all the abovementioned terms in sections 5 and 7 hereafter have been fulfilled. The Bank will prepare a loan agreement which is attached hereto as appendix A for the borrower to sign which includes all the details of the loan and the relevant interest and the other documents customary at the Bank such as: a credit application and protocol and the loan shall be made deposited in the borrower's account after furnishing all of these document legally signed and certified.

5. Prior Conditions for providing any loan according to this framework agreement are:

5.1 The borrower opened a Bank account, signed all the credit documents acceptable in the Bank and furnished all the protocols and attorney certificates as acceptable in the Bank.

5.2 The borrower furnished to the Bank all the following securities, signed for this purpose a bond in the version acceptable in the Bank and furnished the protocol and attorney certificates as acceptable in the Bank:

5.2.1 A first degree floating charge, without any limitation in amount, on all the property and assets of any type or kind whatsoever of the borrower and a fixed charge on the reputation, documents and negotiable instruments.

5.2.2 A first degree fixed charge, without any limitation in amount, on the intellectual property of the borrower.

5.2.3 A first degree fixed charge on all the rights, existing and future, to receive money from all the company's customers including those that shall be set forth in the appendix for charging. The list of customers shall be updated each 6 months and an amendment of the charge shall be signed.

5.2.4 The borrower hereby assigns in favor of the Bank all of his rights, existing and future, to receive money from it customers, including those set forth in the abovementioned appendix.

5.3 The borrower shall issue to the Bank without any consideration, ordinary shares at the rate of 0.7% of the issued and paid up share capital of the company on the basis of full dilution and it shall furnish for this purpose all the required certificates. The issue of shares shall be performed in the following manner:

(a) 28,932 shares that constitute at the issue date an amount of 0.44% of the issued and paid up share capital of the company on the basis of full dilution before providing the loan described in section 4.1;

(b) Shares that constitute at the issue date the amount of 0.26% of the issued and paid up share capital of the company on the basis of full dilution after fulfilling the terms set forth in section 3.2.

6. The interest rate for any loan according to this agreement shall be the libor rate + 4%. In respect to the loans set forth in sections 3.1 and 3.2 the interest shall be paid each quarter. Regarding the ESF Framework set forth in section 3.3 the interest shall be paid upon receipt of all the consideration or with the payment of the loan whichever is the earlier of the two.

7. The borrower shall be entitled to execute early payment of the loan provided that it gave a prior written notice of 30 days, that payment shall be made at the payment date of the interest and the amount of payment is not less than 250 thousand $.

8. Additional terms:

8.1 We hereby undertake to cause that all the customers will pay debt only to Bank account no. 195242 at your branch and in each invoice which we shall issue we shall mention this account as the account to credit.

8.2 The borrower shall hold at each time in account 195242 most of its cash balance and in any event a balance of cash which is sufficient for 3 months of payment based on the average net monthly cash flow for the previous 3 months. If the balance of cash deposited in account 195242 exceeds the credit balance, then the borrower shall be entitled to deposit the excess amount above the credit balance in other Banks.

8.3 The borrower undertakes to pay to the Bank upon the Exit Transaction as defined in appendix B hereafter, an amount of $250,000, if the amount of consideration which shall be received in a Liquidity Event as defined in appendix B hereafter, or the value of the company in an IPO as defined hereafter, shall be 100 million $ or more than that.

8.4 It is hereby clarified that all the Prior Conditions set forth in section 5 must be fulfilled no later than the 15 th of February 2009 and the failure to fulfill one or more of these conditions could cause the cancellation of this agreement.

9. Upon the signing of the Framework Agreement we shall pay you a one time commission for preparing the documents in the amount of $4,000 and this is without derogating from any other commissions customary at the Bank.

Sincerely,

Inspire M.D. Ltd.

Signature	Signature
Ophir Paz	Asher Holzer

We confirm the aforesaid

Bank Mizrachi Tefachot Ltd.

Appendix B

"Exit Transaction " shall mean an IPO or a Liquidity Event.

"IPO" shall mean the closing of the first underwritten public offering of the Company's shares, pursuant to an effective registration statement under the Securities Act of 19433, as amended (the "Securities Act"), or pursuant to the corresponding securities laws of any other jurisdiction, or any other legal act resulting in the public trading of the Company's shares in any trade market.

"Liquidity Event" shall mean (a) the assignment, sale or other disposition of ninety percent (90%) or more of the Company's shares, property and/or assets, (including, without limitation, by way of a share swap or the grant of an extensive and exclusive license to a core technology of the Company outside the ordinary course of business); (b) the merger, consolidation of the Company with or into another Person (following which more than ninety percent (90%) of the Company's shares are held by Persons who, prior to the said transaction, held, in the aggregate, less than fifty percent (50%) of the Company's shares), of (c) the acquisition or sale of a controlling interest in the shareholding of the Company. A controlling interest shall mean 50% (fifty percent) or more of the issued an outstanding share capital of the Company, and/or the right to appoint a majority of the members of the board of directors of the Company.

Secured Bond

Which was signed on the 27 th of the month of January in the year of 2009.

By Inspire M.D. Ltd. co. no. 513679431 (hereinafter: the "Company")

Address: 3 Menorat Hameor Tel Aviv

In favor of Bank Mizrachi Tefachot Ltd. (hereinafter: the "Bank") in accordance with the memorandum and articles of association of the company and all the other provisions which give the company power in this matter and in accordance with the decision of the board of directors of the company of the 20 th of January 2009.

Whereas The company received and is about to receive from time to time from the Bank, credit, documentary credit, different loans, overdraft in a current account, in a current loan account or in another account, indemnification letters, any undertakings and guarantees for the company or for others according to the company's request, discounting of notes, providing different Banking extensions and easements and different Bank Services (hereinafter: together and separately referred to as the "Bank Services") at the terms that were agreed and/or shall be agreed upon each time regarding any Banking service.

And whereas It was agreed between the company and the Bank that the company shall insure all of its obligations and undertakings to the Bank of any type or kind whatsoever, whether in Israeli currency or in any foreign currency of any type or kind, as set forth hereafter – by this bond and this is in addition to all the securities that were given and/or shall be given to the Bank.

Therefore this bond is evidence of the following:

1 (a) This bond was issued for securing the full and accurate payment of all the amounts, whether in Israeli shekels or in any foreign currency, that are due or shall be due to the Bank from the company in any manner, form and for any reason, whether these amounts are due from the company in respect to the Bank services provided by the Bank and whether not in connection to them, whether they are due from the company alone or together with others, whether the company already undertook to pay them or shall undertake to pay them in the future, as a debtor and/or as a guarantor and/or for any other reason (including the company's obligation according to notes that were given or that shall be given to the Bank whether by the company or by third parties for discounting or as a security, and/or according to any other obligation of the company towards the Bank) that are due and/or that shall be due in the future, that must be paid before realizing the securities hereby given or afterwards, that are due absolutely or under a condition, that are due directly or indirectly, that are due according to the original obligation of the company or that were established in a judgment of the court or otherwise-

(-)

_____

signature

*without limitation of amount

With interest, commissions, all kinds of costs including realization costs, legal fees, insurance fees, stamp duty and other payments according to this bond with additional linkage differences of any other type that are due or shall be due from the company to the Bank in any manner and way for the linked principal and interest (all these amounts shall be referred to hereafter as: the "Secured Amounts").

b) The secured amounts that are due and that shall be due from the company in any foreign currency shall be considered as secured by this bond, only if and for the transaction according to which an appropriate permit from the authorized authorities which is due or shall be due, given or shall be given in advance or retroactively, as long as such permit is required according to law.

2. The company hereby undertakes to pay to the Bank any amount of the secured amounts:

a) At the date of the agreed payment, if it was agreed between the Bank and the company that this amount shall be payable at a certain date.

b) At the end of seven days from the date of sending the first demand of the Bank in writing to the company, if such payment date was not agreed as mentioned in paragraph (a) above.

3. a) The Bank is entitled to receive prior payment of the secured amounts or any part of them before the date of their payment has arrived.
The company or anyone whose right could be harmed from giving this bond or its realization, shall not have a right according to section 13 (b) of the Pledge Law – 1967 or any other law.

b) In any event that the Bank shall accept the company's request of early payment of any payment on account of the secured amounts, shall be entitled to charge the company the amounts which shall express the damage which shall be caused to the Bank as a result of the early payment.

4. a) The Bank shall be entitled to calculate interest on the secured amounts at the rate that was agreed or shall be agreed upon from time to time between him and the company. In cases in which the rate of interest was not agreed, the Bank is entitled to determine the interest rate and to inform this to the company. The company shall be required to pay such interest rates and the Bank is entitled to add them to the principal at the end of each quarter year or at the end of any other period, according to the Bank's decision.

b) In any event of a delay in the payment of the secured amount all or in part, the secured amounts shall bear delay interesting the amount which was agreed upon in the Bank service agreement. Without a stipulation regarding delay interest in these agreements, the secured amounts shall bear interest at the maximum rate that is customary in the Bank regarding deviations and delays in a current loan account and not less than 2% of the interest rate stipulated in the Bank service agreement.

c) In any case that confers the Bank the right to realize the securities according to this bond, the Bank shall be entitled to raise the Bank rates on the secured amounts up to the maximum rate that shall be customary at the Bank at that time for deviations and delays in the current loan account.

5. The company hereby pledges in favor of the Bank and its substitutes, for securing the full and accurate payment of all the secured amounts –

a) By a first degree floating charge the entire factory, equipment, assets, money, property and rights including their proceeds, of any type or kind without any exception that the company has now or that it shall have in the future at any time in any manner and way including its insurance rights in respect to them, the rights according to the Property Tax and Compensation Fund Law – 1961 and any right for compensation or indemnification right that the company shall have towards a third party due to the loss, damage or expropriation of its property or any part of it (hereinafter: the "Pledged Assets").

b) By a first degree fixed charge and by a pledge on its reputation, as they are today and as they shall be at any time (hereinafter: the "Pledged Reputation").

c) By a first degree fixed charge of all the rights, existing or future, to receive money from the company's customers set forth in this bond appendix.

d) By a first degree fixed charge of all the rights, including intellectual property rights, of the company as set forth in appendix A, including those set forth in the list mentioned in section 7 (14) (hereinafter: the "Pledged Intellectual Property Rights").

e) By a fixed charge as a pledge of the bills of lading – by sea or by air – ownership rights of goods, storage certificates, delivery certificates, goods and orders, letters of documentary credit, mail receipts or other documents that are customary in international trade and that indicate ownership on the goods or merchandise (hereinafter: the "Documents"), which shall be delivered if delivered from time to time to the Bank, for collection, for custody, for security or otherwise, including all the insurance rights of any type or kind towards the Israeli Insurance Company of International Trade Risks Ltd. or any other insurance company, and any right to compensation or indemnification that the company shall have towards third parties due to loss, damage or expropriation of the good or merchandise- upon their delivery to the Bank as mentioned they shall be considered as pledged and charged to the Bank as a first degree fixed charge and pledge according to the terms of the bond and its provisions.

f) By a fixed charge as a pledge of those same securities, documents, notes of others which the company gave or shall give from time to time to the Bank, whether for collection, for custody, for security or otherwise (hereinafter the "Pledged Documents") and upon their delivery they shall be considered as pledged and charged to the Bank as a pledge and first degree fixed charge according to the terms of this bond, its provisions, mutatis mutandis, shall apply to their pledge and charge.

The Bank shall be exempt from taking any action in respect with the charged documents and they shall not be responsible for any damage which shall be caused in respect to this, and the company undertakes to indemnify the Bank in any case where the Bank shall be sued for such damage by others. The company hereby waives in advance any claims in respect to the laws of limitations in respect to the pledged documents.

g) The "Pledged Assets", the "Pledged Reputation" the "Pledged Intellectual Property Rights" the "Documents" and the "Pledged Documents", and any other pledge mentioned in this section shall be hereinafter referred to as the "Pledged Property".

6. The Company hereby declares as follows:

a) That the Pledged Property is not pledged or charged to others nor is a lien exist on them in any manner, except for the following:

A vehicle of the type – Chevrolet Uplander

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b) That the Pledged Property is exclusively owned by the company and is in its possession, or in possession of the Bank.

c) That there is no restriction or condition according to law or agreement or otherwise, that apply to the transfer of the Pledged Property or to its pledging or charging.

d) That it is entitled to pledge or charge the Pledged Property in any manner or way.

e) That there was no assignment of a right or other action that diminishes the value of the Pledged Property.

f) That it received all the consents and/or waivers necessary (if necessary) from the shareholders or the investors according to the company's regulations or the different investment agreements.

7. The company hereby undertakes towards the Bank as follows:

a) To hold the Pledged Property in its possession.

b) To use and handle the Pledged Property with great caution and to inform the Bank of any event of damage or defect that shall occur in them and to repair any damage or defect or flaw which shall occur in the Pledged Property due to use and/or for any other reason and to be responsible towards the Bank for any case of a defect, damage, flaw or mishap, except for reasonable wear and tear.

c) To allow the Bank's accountant at all times to visit and check on site the condition of the Pledged Property where it is located.

d) Not to sell, not to lease, not to transfer to another place, not to give the Pledged Property or any part of it, in any manner or way, to others – except for sales, the transfer and lease of the business inventory that is made during the ordinary course of business of the company's business – without receiving the Bank's prior written consent in advance.

e) Not to sell, not to lease, not to transfer to another place, not to deliver to others and not to give to others the right to use the Pledged Assets without the prior written consent of the Bank for this.

f) To immediately inform the Bank of any event of the imposition of a lien on the Pledged Property and/or the Pledged Assets and/or any part of them and to immediately inform the issuer of the lien of the pledge in favor of the Bank and to take, immediately and without delay at the expense of the company, all means for removing the lien. If the company will not take such steps as mentioned, the Bank shall be entitled (but not required) to take all means to remove the lien and the company must immediately pay the Bank all the reasonable costs involved in this (including legal fees of the Bank).

g) Not to pledge in any manner or way the Pledged Property or any part of it by equal, previous or later rights to the rights of the Bank, and not to assign and right that the company has in the Pledged Property without receiving the Bank's prior written consent for this.

h) To be responsible to the correctness and authenticity of all the signatures, assignments and the details on the notes, documents and securities delivered and/or shall be delivered to the Bank as a security.

i) To pay on time all the taxes, the municipal taxes, the levies and the other obligatory payments that are imposed on the Pledged Property according to any law and to furnish to the Bank according to his first demand the copy of all the receipts for the payments as mentioned, and if the company shall not pay such payments as mentioned on time, the Bank shall be required to pay them at the company's expense and to charge it with the payments with costs and interest at the maximum rate. These payments are secured by this bond.

j) To manage accounting books and to allow the Bank or a representative on his behalf, to check the books after coordinating this in advance. The company undertakes to assist the Bank or its representatives to give them, at their first request, balance statements, documents and any information that shall be required by them, including explanations in respect to its financial situation and the operative situation of the company and/or its business.

k) That there shall not be any material change in the area of the company's engagement without the Bank's prior written consent.

l) The company is the owner and/or the owner of usage rights according to a license or agreement, of all the intellectual property which the company needs for its business.

m) To the best of its knowledge, the company does not breach as of today and there is not proceeding against it in respect to a breach of intellectual property rights of any third party.

n) The company attaches hereto a full list of its intellectual property and it shall furnish to the Bank in writing any update, change that shall apply to the list. Furthermore, the company shall update every 6 months the list of the owing customers. Following the company's reports as mentioned an update shall be performed of the pledges in the relevant registries and the company shall sign all of the documents which are customary in respect to this.

8. During the entire period in which this bond is in force the company undertakes in respect to itself and in respect to its subsidiaries as follows:

a) Deleted.

b) Not to pay to its shareholders in any manner or form any loan or money that the shareholders shall loan to the company or any money that they invested and/or shall invest in the company. The aforesaid shall not apply to the loan which may be convertible into company shares which shall be paid off by way of the issue of shares.

c) Not to give its shareholders any loan or credit without the Bank's prior written consent.

d) To cause that its shareholders who lent and/or shall lend a shareholder's loan to the company, to undertake towards the Bank not to demand and not to sue any such money from the company, and if for any reason they shall receive these amounts from the company – to return these amounts to the Bank so that they shall serve for paying off these amounts.

e) Not to purchase its shares and not to pay any dividend without the Bank's prior written consent.

9. a) The company hereby undertakes to maintain the Pledged Property insured at its full value at all times against those same risks which the Bank shall mention from time to time at insurance companies and to transfer to the Bank at the limit of the amount of this bond the rights that arise from the insurance certificates, according to the version which the Bank shall approve, to pay any insurance fees on time and to deliver to the Bank all the insurance certificates and the receipts for the payment of insurance fees.

b) Without derogating from the aforesaid and in addition to this, the company hereby undertakes to give to the insurance company, through which it is insuring the Pledged Property, irrevocable instructions to transfer money which shall come to the company according to the insurance policy of the Pledged Property to the lender's Bank account only. The company further undertakes to furnish to the Bank an undertaking of this insurance company and to inform the Bank of the date of cancellation of the insurance policies insofar as they shall be issued by it, at least 30 days before they shall expire.

c) In each of the following cases hereafter the Bank shall be entitled, according to its sole discretion, to insure the Pledged Property in the name of the Bank and to charge the company's account with the costs of the insurance fees:

(1) If the Pledged Property shall not be pledged at the satisfaction of the Bank.

(2) If the company shall not furnish to the Bank within 10 days from the date of signing this bond, insurance certificates for the Pledged Property to sole satisfaction of the Bank.

(3) If 30 days before the insurance policy of the Pledged Property expires, the company shall not furnish to the Bank insurance certificates of the Pledged Property, at those same terms and for the period which are at the Bank's full satisfaction. In the event the insurance shall be taken out by the Bank as mentioned above, the Bank shall not be responsible for any defect or flaw which shall be discovered in respect to the insurance. The amounts that shall be paid as costs and as insurance fees are secured according to this bond.

d) All the rights that arise from the insurance of property as mentioned above, including rights according to the Property Tax and Compensation Fund Law – 1961 as shall be in force from time to time or according to any other law, whether they were transferred to the Bank as mentioned above or not, are hereby pledged to the Bank by first degree fixed charge as a pledge.

e) In respect to the property insurance of the company the company hereby assigns to the Bank as its sole authorized representative and it grants the Bank exclusive rights to conduct negotiations in the name of the company to agree to arrangements, to settle, to waive, to receive money from insurance companies and to accredit them for the payment of the secured amounts, this power of attorney is irrevocable since third party rights are dependant on it, the company shall not have any claims in respect to arrangements, waivers and settlements that the Bank will make with the insurance companies.

f) The company undertakes to sign, at the Bank's first demand, all the applications the documents and the certificates required or advisable for performing the company's undertakings included in this section. Furthermore, the company undertakes not to cancel or change in any manner any of the terms of this insurance without the prior written consent of the Bank.

10. a) The securities that were given to the Bank according to his bond have a continuous nature in spite of an arrangement of the account or any account of the company which shall remain in force until the Bank approves in writing that this bond has been cancelled.

b) If securities or guarantees were given to the Bank for payment of the secured amount all the securities and the guarantees shall be independent of one another.

c) The Bank shall settle or the Bank shall give an extension or easement to the company, the Bank shall change the company's undertakings in respect to the secured amounts, shall release or waive the other securities or the guarantees – these things shall not change the nature of the securities that were created according to this bond and all the bonds and the undertakings of the company according to this bond shall remain fully valid.

11. The Bank has rights to hold, to detain and to offset all the amounts, assets and right, including securities, currencies, gold, notes of money, documents of merchandise, insurance policies, notes, checks, charges, deposits, securities and their consideration, that shall be found in the Bank at any time in favor of the company or for it, including those that were delivered for collection, for custody or in any other manner. The Bank is entitled to detain these assets until the full payment of the secured payments or to sell them and to use their consideration, all or in part, for payment of the secured amounts.

In the event the offset amounts are deposited in foreign currency the company hereby gives the Bank permission and instructions in advance to sell the balance in credit in foreign currency according to the rate that the Bank will obtain for it.

12. The Bank shall be entitled at all times to charge any account of the company with any amount that is due or shall be due to him from the company and to accredit any amount that it shall receive from the company or for it for crediting the account that it shall see fit to transfer any amount that shall be credited to the company in any account with the Bank and any other account with the Bank as the Bank shall see fit.

13. Taking into consideration that the amounts due and that shall be due to the Bank from the company on account of the secured amounts could be also in Israel currency and also in foreign currency it is hereby agreed and declared that the Bank and the receiver – respectively – shall be entitled to convert Israeli currency into the foreign currency that shall be available to the Bank and needed for the full or partial payment of the secured amounts that are due to the Bank in foreign currency, and to convert foreign currency which is available to the Bank into Israeli currency and this is according to the official exchange rates that shall exist in Israel during performance of these conversions in practice by each of them.

The term "exchange rate" means:

a) Regarding the time when a restriction is in place according to the Israeli law regarding the free use of foreign currency in Israel – the highest amount in Israeli currency which an Israeli resident shall be required to pay for a unit of currency of such debt at whoever is lawfully authorized to trade in foreign currency in Israel with the Bank commission for such transaction.

b) Regarding the time when there is no such restriction in place – the highest rate of a unit of currency of such debt that shall exist in an Israeli Bank regarding telegraphic Bank withdrawals of a city which is known at that time as one of the financial centers of the country in which the currency of a debt is a legal tender or New York according to the Bank's choice with additional Bank commission for such transaction.

14. Without derogating from other provisions agreed with the company in respect to immediate payment of the secured amounts, the Bank shall be entitled in each of the cases set forth hereafter to demand immediate payment of the secured amounts or any part of them without any prior notice to the company and these are the cases:

a) If the company shall not pay to the Bank on time or at the payment dates any amount that shall be due to the Bank out of the secured amounts.

b) If a decision of voluntary liquidation shall be adopted by the company or if a liquidation order shall be issued against it by the court or if the company shall summons a meeting of creditors for finding a settlement with them, or if the name of the company shall be removed or is about to be removed from any registry that is managed according to law.

c) If a receiver (temporary or permanent) shall be appointed or a receiver and manager (temporary or permanent) or a liquidator temporary or permanent) on the company's property or any part of it.

d) If any lien shall be imposed on the company's property, all or in party, or on any security of the securities which were delivered by the company to the Bank, or if an execution act shall be performed against it.

e) If the company shall stop paying its debts or managing its business.

f) If the work shall stop, or any part of it, for two months or more.

g) If a material part of the company's property, shall be burnt or damaged in another manner.

h) If the Bank shall see, according to its sole discretion, that any change in the company's control occurred- regarding the existing situation at the date of signing this bond – by the willful transfer of shares or in another manner (except for transfers in good faith to the transferee who was also a shareholder of the company's shares at the date of this bond, and except for the transfer of shares by inheritance), or by the decision of members that make up the company, without the Bank's prior written consent.

i) If a receivership order was rendered or a Bankruptcy order against one of the company's guarantors (in the event that the secured amounts are secured inter alia also according to guarantees) or in the event of the death of a guarantor or in the event of the appointment of a guardian over a guarantor's body or property and the company shall not furnish to the Bank within seven days after the occurrence of one or more of these cases a signed guarantee and undertaking by a person or body which the Bank agreed to in advance and in the version determined by the Bank, according to which this person or body shall guarantee the full and exact payment of all these amounts. The provisions of this sub- section shall apply mutatis mutandis respectively, also to this same person or body as if this same person or body was the original guarantor and to anyone that shall take their place.

j) If the number of shareholders of the company and/or the number of members that make up the company shall be less than the minimal required amount.

k) If the Bank shall see, according to its sole discretion, that a material occurrence has occurred that could harm the financial ability of the company.

l) If according to the absolute discretion of the Bank and according to its exclusive assessment a material event occurred that could harm the financial ability of the company.

m) If the company shall be required to pay the debts of the company early to other creditors.

n) If the company shall breach or shall not fulfill any of the undertaking included in this bond and/or according to any agreement and/or any document and/or agreement that was made in the past and/or that shall be made in the future between the company and the Bank.

o) If it shall turn out that any declaration of the company in this bond and/or in any contract that was made in the past and/or that shall be made in the future between the company and the Bank – is not correct and/or is not accurate.

p) If the company change its articles of association or part of it and it did not notify this to the Bank within 48 hours.

q) If the company adopted a decision regarding the merger with another company, whether as an absorbing company or as a target company, as defined in the Companies Law – 1999, or a motion to merge or a motion to approve an arrangement and re- organization the result of which are the merger of companies.

r) If a license, authorization, approval or registration of any of the intellectual property rights of the company shall be denied, cancelled, suspended, or materially harmed, and the result of this shall materially affect the company.

15. a) In each of the cases set forth in the previous section, the Bank shall be entitled to use any means that it shall see fit in order to collect all the secured amounts, to realize the guarantees in any manner that the law shall permit and to realize all of its rights according to this bond, including the realization of the Pledged Property, in full or in part, and to use their payment for paying off the secured property and this is without the Bank having to realize guarantees or other securities if the Bank will have such securities.

b) The Bank is entitled to realize the securities that were given to him according to this bond or other by the appointment of a receiver or a receiver and manager on behalf of the Bank (and the company agrees in advance to any person or legal entity that the Bank will appoint or offer to appoint as a receiver and manager as mentioned) and who shall be authorized inter alia to:

1) Receive to his possession the Pledged Property, all or in party.

2) To manage the company's business or to participate in their management as he shall see fit.

3) To sell or to lease and/or to agree to the sale or lease of the Pledged Property in full or in part or to transfer them in any other manner according to the terms as he shall see fit.

4) To make any other arrangement in respect to the Pledged Property all or in part.

16. All the income that shall be received by the receiver and the manger of the Pledged Property and any consideration that shall be received by the Bank and/or by the receiver and the manager from selling the Pledged Property or part of it shall be accredited to:

a) First for paying all the costs that shall be incurred in respect with the collection of the secured amounts including the costs of the receivers or the receivers and the manager and his salary in the amount that shall be determined by the Bank.

b) Second, for paying the other amounts that shall be due to the Bank as a result of the linkage terms, the interest, the damage, the commission and the costs that are still due to the Bank according to this bond.

c) Third, for paying the principal of the secured amounts or in any other accrediting order that shall be determined by the Bank.

17. In the event that at the time of realizing the Pledged Property the payment day of the secured amounts has not yet arrived, or that the secured amounts shall be due to the Bank only under condition, the Bank shall be entitle to collect from the payment of the realization a sufficient amount to cover the secured amounts and the amount that it shall collect shall be pledged to the Bank as a security for the secured amounts and it shall remain with the Bank until they are paid.

18. Without derogating from the other provisions of this bond, any waiver, extension, reduction, silence, avoidance of action (hereinafter: "Waiver") by the Bank regarding the partial failure to fulfill or the incorrect fulfillment of any undertaking of the undertakings according to this bond, shall not be considered as a waiver by the Bank of any right, rather as a consent limited to the special opportunity in which it was given.

19. a) If the company shall guarantee (hereinafter the "Guaranteeing Company") the company hereby agrtees that the Bank shall be entitled:

(1) To institute proceedings according to the law for realizing the securities and/or for collecting these amounts without the Bank having to first turn to the debtors who are the guarantors in a demand to pay of these amounts that are due from them to the Bank.

(2) To stop, to change, to increase, to decrease or to renew any credit or any other Bank service that shall be given and/or that shall be given to debtors.

(3) To give an extension of time and/or similar concession in respect to the payment of these amounts.

(4) To replace, to renew, to release, to amend, to avoid realizing or to realize other securities or guarantees that the Bank holds or shall hold whether it received them or shall receive them from the debtors – the guarantors or from others.

(5) To settle with the debtors the guarantors or with others.
The company - guarantor hereby agrees that making any action of the actions mentioned by the Bank shall not confer upon them any right to change or to cancel its undertakings towards the Bank.

b) Deleted.

20. The company confirms that the Bank's books and its account are trustworthy, shall be considered as correct and shall serve as prima facie evidence against it in respect to all of their details and inter alia in respect to the calculation of the secured amounts, the details of the other notes, guarantees and securities, and any other matter that is connected to this bond.

The term "Bank books" means – any page of the account or a copy of a page of the account and any loan agreement or note signed by the company and the term "its accounts" means – any registration or copy of registration whether it was registered or copied by hand or by a typewriter and whether it was registered or copied by way of printing, copying, photographing or by way of any electrical or electronic technical machine including microfilm.

21. The Bank is entitled at any time, according to his discretion, and without needing the company's consent, to transfer this bond and the rights under it, to others, including the securities, in full or in party, and any transferee shall be entitled also to transfer these rights without needing additional consent from the company. The transfer may be made by assigning at the margins of this bond or on it or by any other way as the Bank shall see fit and provided that this shall not expand and/or change the company's undertakings.

22. The Bank is entitled to deposit the securities that were given or that shall be given according to this bond or part of them in the hands of a bailee according to its discretion at the expense of the company and to replace the bailee from time to time, the Bank shall be entitled to keep these securities, all or in part, at any authorized authority according to any law.

23. a) This bond cannot derogate from the right of the Bank to collect the secured amounts not by the realization of this bond.

    b) Nothing in the realization of this bond can derogate from the Bank's right to collect from the company the balance of the secured amounts that were not paid by the realization of this bond.

24. All the costs and the fees in respect to this bond, its stamp duty, registration, realization of the securities (including the legal fees of the Bank) and insurance, safeguarding, holding, and repairing the Pledged Property shall be paid by the company to the Bank at its first demand, if it was spend by the Bank or by anyone on its behalf including the receiver, with additional interest at the maximum rate that shall be customary at the Bank at that time for deviations and delays in the current loan account, from the date of demand until they are fully paid. Until they are fully paid all these costs are secured by this bond.

25. In this bond:

    a) "Bank" – means – Bank Mizrachi Tefachot Ltd. and any of its existing branches at the date of this bond and/or that shall be opened in any place in the future, and those by virtue of the Bank or in its place.

    b) "Notes" – means – promissory notes, bills of exchange, checks, undertakings, guarantees, securities, bills of lading, deposit notes and any other negotiable instruments.

    c) The preamble of this bond constitutes an inseparable part hereof.

    d) If this bond was signed by two or more, they shall be signed jointly and separately for the fulfillment of all the undertakings according to this bond.

26. Any notice that shall be sent by mail according to the Bank to the company by registered mail or by ordinary mail according to the address mentioned above of which the company shall notify the Bank in writing, shall be considered a legal notice that was received by the company within 48 hours from the time the letter was sent which includes the notice.

27. The authorized court in Tel Aviv has jurisdiction in respect with this bond, however the Bank is also entitled to take legal steps in any other authorized court.

28. Special terms:

In witness whereof I have signed hereafter

The Company

Appendix A

The pledge shall apply also to any rights including intellectual property rights, of the company whether existing today or whether they shall exist in the future, whether they are registered in the name of the company or not, including if registration applications were submitted in respect to them and also to:

(a) Any know- how, inventions, patents, trademarks, designs, models, trade names, copyrights and technical processes and applications.

(b) The names of internet domains, licenses, franchise agreements, usage rights agreements, diagrams, computer programs, commercial secrets and lists of customers.

Whether the rights of the company were registered in its name or whether they were not and whether these rights exist today or shall exist in the future.

In respect to these intellectual property rights or any part of them the company and any of its subsidiaries undertakes to:

(a) Perform all of the appropriate registrations and shall pay all the costs and the fees required in order to keep and protect the intellectual property rights of the company and/or of its subsidiaries and/or their registration.

(b) Take all necessary steps, including legal proceedings, in order to prevent from any third party from harming these same intellectual property rights.

(c) Not sell, transfer, lease or give a usage license except for the license arrangements with a third party which is not an associated party which was made during the ordinary course of business and for acceptable consideration.

(d) Register the pledge, at its expense, at the Registrar of Patents and they shall furnish the Bank the appropriate certificates regarding the registration of the pledge within 45 days after the signing of this bond.

Stan J.H. Lee, CPA
2160 North Central Rd Suite 203 ***** Fort Lee ***** NJ 07024
P.O. Box 436402 ***** San Diego ***** CA 92143-9402
619-623-7799 ***** Fax 619-564-3408 ***** stan2u@gmail.com

March 31, 2011

Securities and Exchange Commission
Office of the Chief Accountant
100 F Street, N.E.
Washington, DC 20549-7561

Commissioners:

We have read the paragraphs pertaining to Stan J. H. Lee, CPA, included in Item 4.01 of Form 8-K dated March 31, 2011, of Inspire MD, Inc. (formerly _Saguaro Resources, Inc.) ("the Company), to be filed with the Securities and Exchange Commission and are in agreement with the statements concerning our firm in those paragraphs.

We have no basis to agree or disagree with the other statements included in such Form 8-K.

Sincerely,

/s/ Stan J.H. Lee, CPA
Stan J. H. Lee, CPA

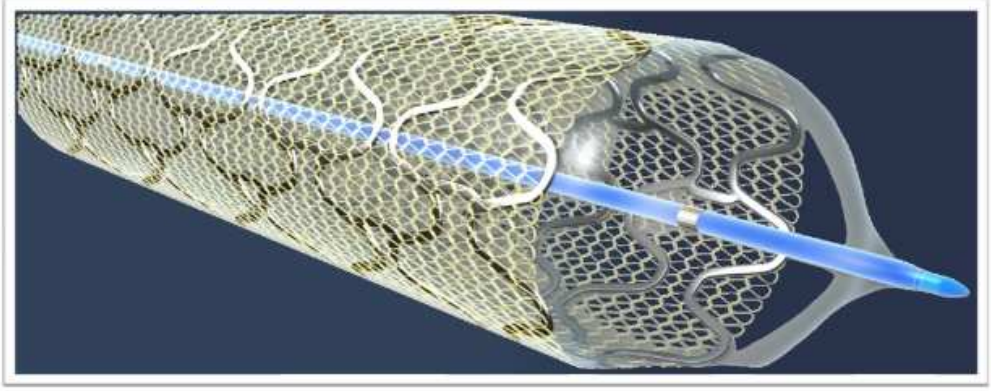
INSPIREMD, INC.

List of Subsidiaries

Name	Jurisdiction
InspireMD Ltd.	Israel
Inspire MD GmbH	Germany

InspireMD

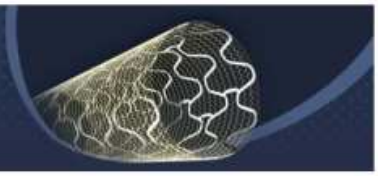
MGUARD



A novel stent solution that addresses an unmet need in the heart attack market

January 2011

Disclaimer



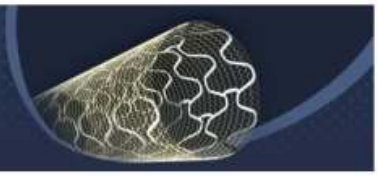
Forward-Looking Statements

Certain statements made during this presentation that are not historical facts constitute "forward-looking statements" and involve a number of risks and uncertainties. The actual results of InspireMD Ltd. (the "Company") and the future events described in such forward-looking statements could differ materially from those stated in such forward-looking statements. Among the factors that could cause actual results to differ materially are our level of success at marketing, selling, manufacturing and distributing our stent products; the results of our clinical trials; our ability to obtain regulatory approvals for our products; our ability to comply with ongoing regulatory requirements; the effects of vigorous competition in the markets in which we operate; the application of pricing restrictions to our products; our ability to obtain an adequate level of reimbursement for our products by third party payors; our ability to secure and protect patents and other intellectual property rights; our ability to meet our future capital requirements; and the outcome of possible future litigation, as well as the risks and uncertainties set forth in the InspireMD Business Plan dated December 2010. We do not undertake any obligation to update or revise publicly any forward-looking statements, except as required by law.

The Company does not currently have clearance to sell its products in the United States.

InspireMD

Investment Highlights

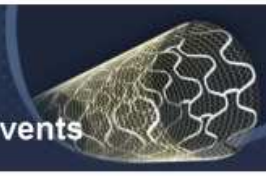


Strong Fundamentals	• $2.3B market, addressing un-met need with limited competition • Favorable demographics for growth • No additional training needed for doctors
Proven Technology	• 15,000+ stents sold in First World countries • Superior outcomes compared to the industry • $5M in revenues (2010) pre-FDA approval
Global Distribution	• Currently selling in 40 countries; • Pursuing FDA approval to sell in US (~2014) • Backed by Harvard (spearheading U.S. trials) and key opinion leaders globally
Intellectual Property	• 10 Patents Pending, covering all key aspects of stent advancement technology • Freedom to Operate legal opinion
Experienced Management	• President was Johnson & Johnson's Worldwide Carto System™ Manager • CEO founded & sold Peach Networks Ltd., to Microsoft; served as senior executive • VP R&D founded and led NiCast, provider of artificial blood vessels • Experienced Senior Team with proven track record in creating shareholder value

InspireMD

The Problem

Embolization Causes Death and Other Adverse Events



Before	Embolization	After
		
Minor heart attack (single occlusion) Blood flow is not interrupted	Debris goes down stream closing tiny arteries	Downstream blood clots lead to **major** heart attack

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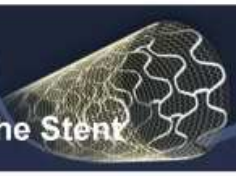
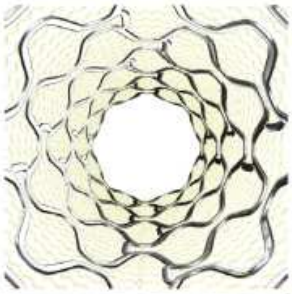
InspireMD's MGuard™

Patent-Pending Mesh Net Technology that Wraps the Stent



- **Embolic protection**
  - Safer procedures by filtering plaque and debris
- **Spreads struts pressure**
  - Reduces injury
- **Identical deliverability to other stents**
- **Excellent endothelization**



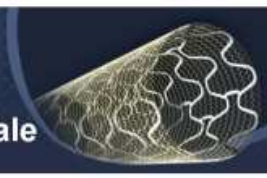
MGuard improves outcomes in Heart Attacks

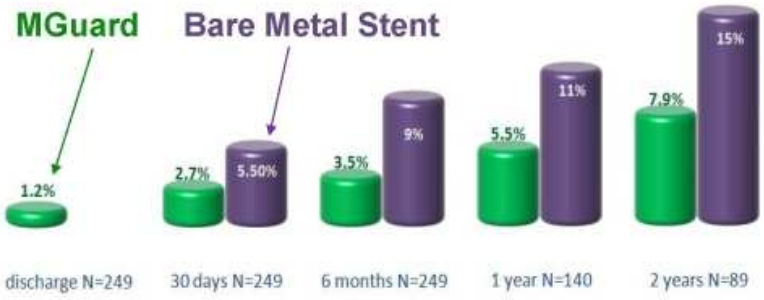
Well-accepted by physicians

InspireMD

Superior Outcomes

Greater than 50% Improvement on Each Time Scale





- Measuring: Cardiac Death, Myocardial Infarction (heart attack) and TLR meta analysis vs. Horizons Trial
- Control Group: Average of bare metal stents and drug eluting stents outcomes
- **500 patients under trials**
  - ✓**Over 300 in AMI trials**
  - ✓ **Thousands of MGuards implanted**

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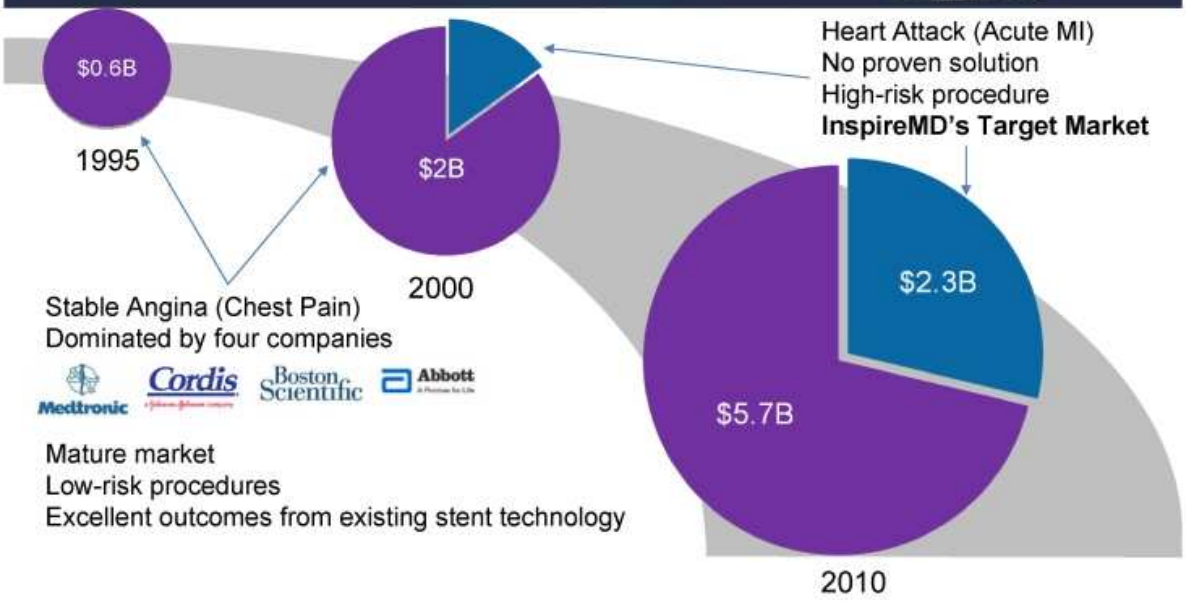
Addressing an Unmet Need:

Competition Neglects Huge and Growing Market



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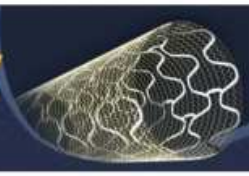
Inspire Intellectual Property

10 Patents (pending)



- First patent priority date: **May 2005**
- Initial filing: PCT, US,
- Stent Platform has US **freedom to operate legal opinion**

IP protects key attributes of mesh technology:

Anchoring	Snow shoe effect	Drug delivery	Macro structure	Minimal fiber width for excellent endotilization

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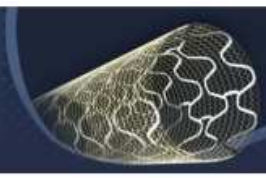
MGuard Positioning



- ✓ **Price: ~85% of DES**
- ✓ **Majority of cases:**
  Acute Coronary Syndromes
- ✓ **MGuard is becoming a 3rd Tool**
  Creates viable stent option for heart attacks

Actual European catheter lab cabinet and stent inventory

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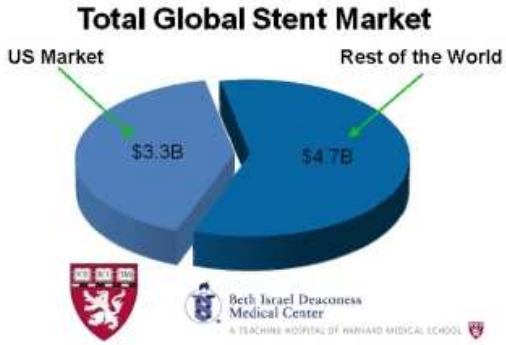
US FDA Approval Process

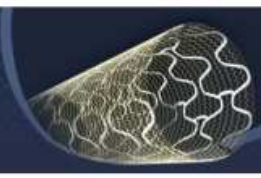


- **Harvard Clinical Research Institute (HCRI) spearheading US trials**
  - International leader in design and conduct of coronary device trials
  - Participation in over 100 PMA clinical reports
  - Harvard sets the budget, directs the trials
  - Dr. Cutlip, lead investigator
- **Budgeting $7.6 million for FDA trial**
- **Anticipate FDA Approval in 2014**

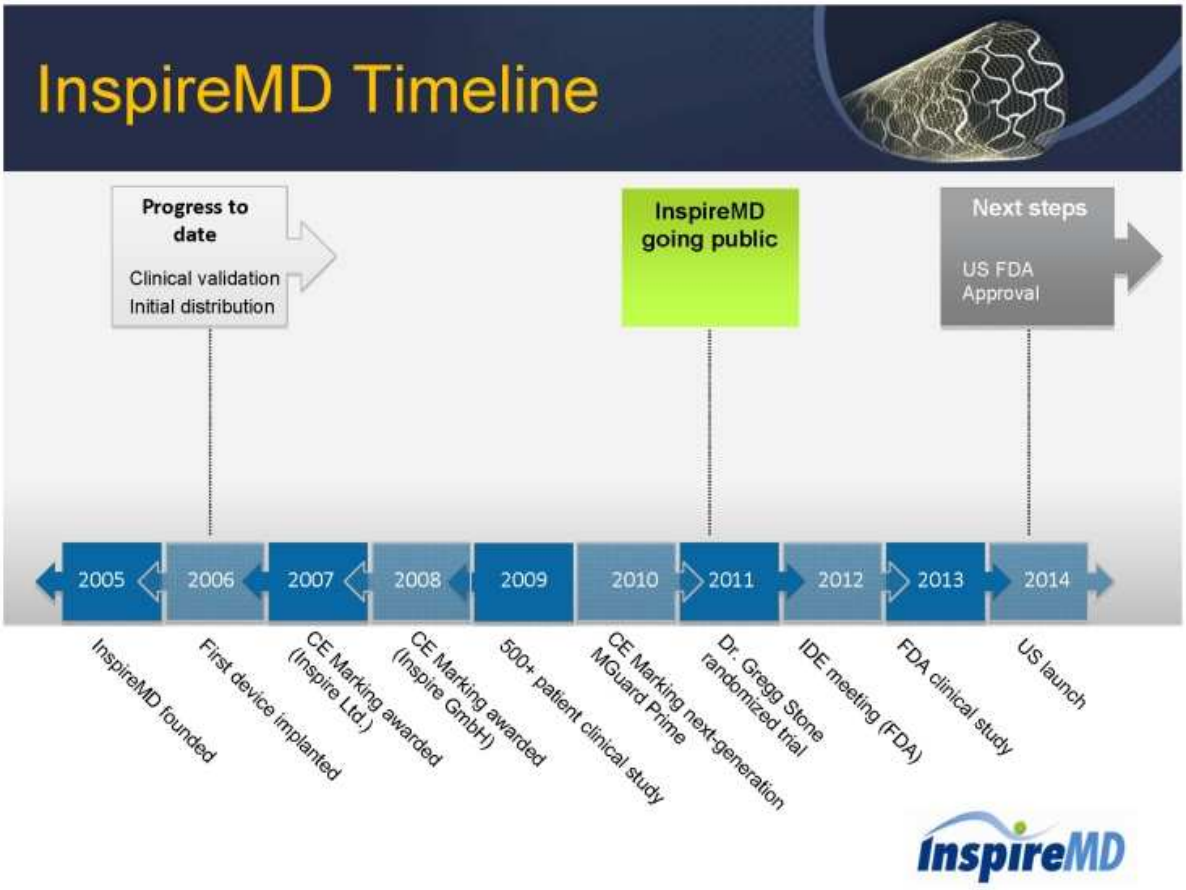
InspireMD

Product Pipeline

Building on InspireMD's Platform Technology

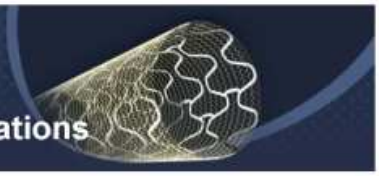


InspireMD


InspireMD Timeline
Progress to date
Clinical validation
Initial distribution
InspireMD going public
Next steps
US FDA Approval
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
InspireMD founded
First device implanted
CE Marking awarded (Inspire Ltd.)
CE Marking awarded (Inspire GmbH)
500+ patient clinical study
CE Marking next-generation MGuard Prime
Dr. Gregg Stone randomized trial
IDE meeting (FDA)
FDA clinical study
US launch
InspireMD

Valuation

Continued Industry Consolidation; Premium Valuations



Johnson & Johnson	**$1.4B** J&J Acquires Conor Medsystems	**$480M** J&J Acquires Micrus Endovascular
Abbott	**$4.1B** Abbott Acquires Guidant from Boston Scientific	**$235M** Abbott Acq. stent business of Biocompatibles Int'l, PLC
Medtronic	**$350M+** Medtronic acquires Invatec	**$200M** Medtronic acquires Instent (Israeli stent company)
Boston Scientific	**$120M** Boston Scientific Acq. Advanced Stent Tech.	
Other	**$2.6B** Covidien acquires EV3	

Recent "Comp"

STENTYS
SIMPLE STENT SOLUTIONS

- October 2010 IPO (NYSE-Euronext)
- **$84M Pre-money valuation**
- Raised **$30M** additional funding
- Revenue of only 70,000€
- Only one technology/only one CE Marking

Stent-Related IP Litigation Settlements

- February, 2010, Boston Scientific agreed to pay Johnson & Johnson $1.7B to settle a dispute over patents for coronary stents
- Followed a separate payment of $716.3M by Boston Scientific to the Cordis division of Johnson & Johnson to settle other stent-related patent litigation
- In September, 2005, Boston Scientific agreed to pay Medinol $750M in another stent-related settlement

InspireMD

Executive Management

CEO:
Ofir Paz, MSEE/MBA

- Proven entrepreneur with strong track record of creating shareholder value
- CEO and Founder of Peach Networks
- Sold Peach Networks to Microsoft in 2000
- Headed the Microsoft TV Platform Group in Israel, from April 2000 through July 2002.
- Director of several high tech and medical startup companies since 2002
- Officer in Israeli Defense Force

President:
Asher Holzer, PhD

- More than 25 years of experience in advanced medical devices
- Johnson & Johnson's Worldwide Carto System Manager
- Leadership roles with Biosense and Kevex Corporation
- Expertise in product development, clinical studies, regulatory affairs, market introduction, as well as financial aspects, particularly for stents
- CEO and founder of Adar Medical, an investment firm specializing in medical device startups.
- Led investments in Cyber Stent, Vasculogix, NVR, and Theracoat.
- Officer in Israeli Defense Force

InspireMD

Senior Management Team

CTO: **Eli Bar, BSc**

- 15-plus years experience in medical device product development
- More than seven years of experience as VP R&D in medical device companies.
- Expertise in building firms' complete R&D infrastructure & managing R&D team from earliest stages to marketable product
- Numerous inventions including a synthetic vascular graft for femoral and coronary artery replacement, a covered stent, and a fully implantable VAD (Ventricular Assist Device)
- More than nine filed device and method patents

CFO: **Bary Oren, CPA**

- Over 10 years of experience as CFO, financial advisor and auditor.
- Served as the CFO of Peninsula Financial Limited (2006-2009), leading the company's efforts to raise funds
- Served as CFO and VP of Business Development of Bankrate Limited (2004-2006),
- Auditor and financial advisor in several accounting firms, including PriceWaterhouseCoopers Israel

VP, Business Development: **Craig Shore, MBA**

- More than 25 years of experience in financial management in the United States, Europe and Israel
- Served in various senior financial and general management roles at Pfizer, Bristol Myers Squibb, and Dunn and Bradstreet
- Experience includes raising capital both in the private and public markets
- Former Chief Financial Officer of RIT Technologies, a Nasdaq-listed telecom company
- Graduated with honors and received a B.Sc. in Finance from Pennsylvania State University and an M.B.A. from George Washington University

InspireMD

Scientific Advisory Board

Prof. Alexandre A. Abizaid
•Chief of Coronary Interventions at Institute Dante Pazzanese de Cardiologia in São Paulo, Brazil.
•Associate-director of TCT (Columbia University)

Dr. Yaron Almagor
- Director of Cardiac Catheterization and Interventional Cardiology Laboratories at Jesselson Heart Center, Shaare Zedek Medical Center; Jerusalem, Israel.
- Clinical fellowship at Ichilov Hospital and the National Institute of Health in Bethesda, MD

Prof. Antonio Colombo
- Director of the Cardiac Catheterization Laboratory at Columbus Hospital
- Chief of Invasive Cardiology at San Raffaele Hospital, both in Milan, Italy.
- Editorial Board of all major journals (*Circulation, Journal of the American College of Cardiology*, and the *American Journal of Cardiovascular Drugs*

Prof. Elazer Edelman M.D., Ph.D., F.A.C.C
- Professor of Health Sciences and Technology at MIT
- Cardiologist at the Brigham and Women's Hospital in Boston
- Directs the Harvard-MIT Biomedical Engineering Center (BMEC)

Prof. Eberhard Grube
- Professor of Medicine, Chief of the Department of Cardiology and Angiology at Siegburg Heart Centre, Germany
- Consulting Professor, Division of Cardiovascular Medicine, at Stanford University School of Medicine.
- Fellow of the American College of Cardiology, the American College of Angiology and the Society for Cardiac Angiography and Interventions.

Dr. Edo Kaluski, MD, FACC, FESC
- Director of Cardiac Catheterization Laboratories and Invasive Cardiology at the University Hospital in Newark, New Jersey
- Associate Professor of Medicine at the University of Medicine and Dentistry of New Jersey.
- Co-founder of InspireMD

Prof. Chaim Lotan
- Head of The Heart Institute Hadassah University Medical Center.
- Chairman of the Ministry of Health Committee for Certification & Licensing of Coronary Stents in the Israel
- Principle investigator in many of the leading studies in interventional cardiology and coronary stents, with many publications in this field.

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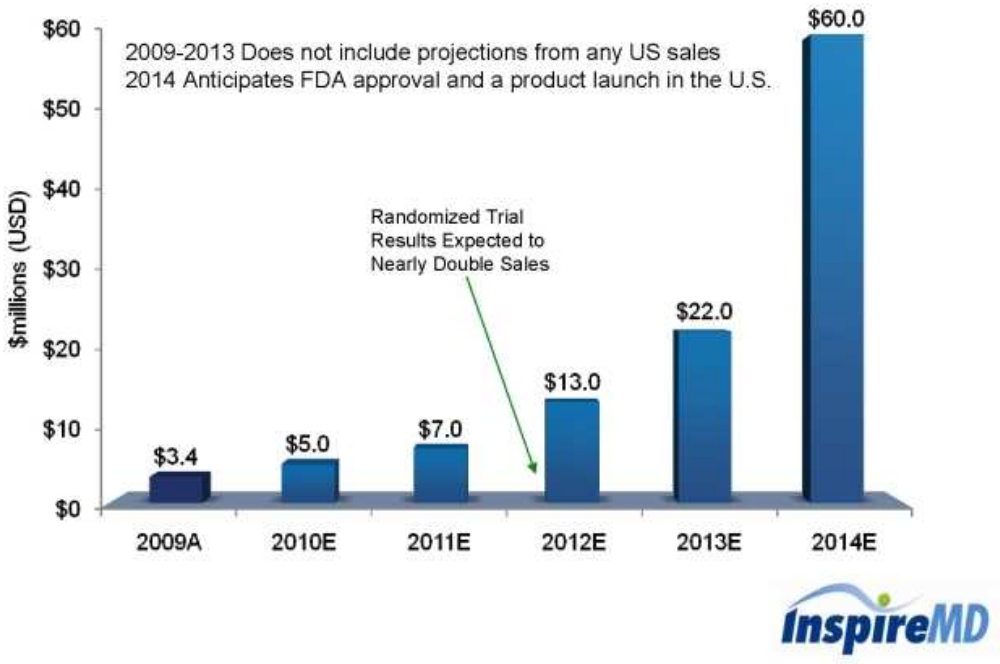
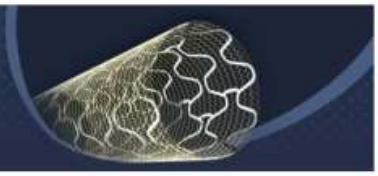
Revenues



InspireMD

Capital Structure



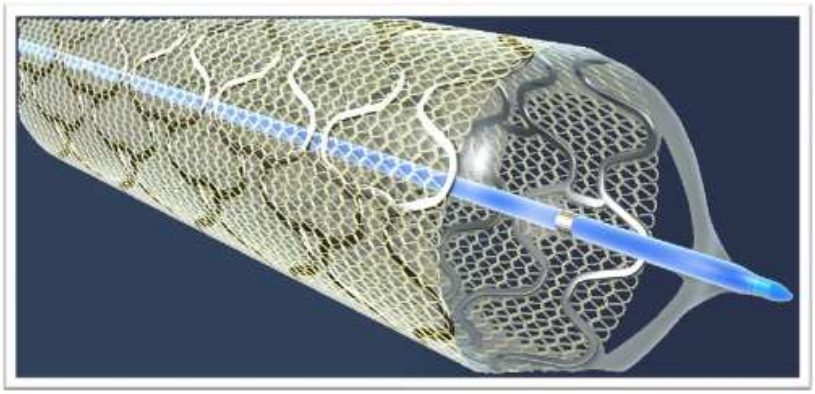
6,097,754 shares of Common Stock issued and outstanding
1,030,301 stock options granted (of which 302,500 were allocated to employees)

Principal Shareholders	No. of Shares Outstanding	% of Shares Outstanding	Options Granted	% of Fully Diluted
Paz Family	1,264,620	20.7%		17.7%
Asher Holzer	1,271,140	20.8%		17.8%
Yuli Ofer	556,710	9.1%		7.8%
Bronfman Family	150,000	2.5%		2.1%
Edo Kaluski	164,490	2.7%		2.3%
Other Investors	2,690,793	44.1%		37.7%
Medical Consultants & Service Providers			687,801	9.6%
Senior Management Options			220,000	3.1%
Employee Stock Options			82,500	1.2%
Director Options			40,000	0.6%
Total*	6,097,753	100.0%	1,030,301	100.0%

* Includes 2.8 million shares/options of senior management and directors, or 39.2% of fully diluted total 7.1 million shares fully diluted

InspireMD

Thank You



InspireMD

Benchmarking

	InspireMD			Biosensor*			Xtent			Conor			
	2011	2012	2013	2003 **	2009	2010	2008 E	2009 E	2010 E	2005 E	2006 E	2007 E	2008 E
REVENUES	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
GROSS PROFIT	38%	55%	**74%**	**37%**	**75%**	**73%**	16%	41%	63%	40%	65%	**73%**	**78%**
EXPENSES													
R&D	52%	42%	30%	13%	18%	11%	268%	45%	15%	472%	50%	25%	15%
Sales & Marketing	31%	23%	**15**%	10%	22%	27%							
G&A	45%	26%	**17**%	33%	17%	16%	140%	43%	**31**%	235%	**30**%	**30**%	**30**%
TOTAL EXPENSES	129%	91%	62%	56%	57%	55%	408%	88%	46%	706%	80%	55%	45%
NET INCOME before Tax	-89%	-36%	12%	7%	7%	29%	-361%	-43%	16%	-635%	-14%	18%	16%
Receivable Days	90	90	90			80							
Inventory Days	60	60	60			210							

*% of interventional cardiology sales from total sales (40% in 2003; 52% in 2009; 83% in 2010)
** before fund raising and license agreement; fund raising was in 2004

(US$ 000's)

Cash Flow	**2011**					2012					2013					2014				
	Q1	**Q2**	**Q3**	**Q4**	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Net Income	(1,095)	(1,965)	(1,805)	(1,395)	(6,260)	(1,430)	(1,305)	(1,205)	(780)	(4,720)	(1,920)	(590)	1,360	3,820	2,670	(1,235)	490	5,305	10,675	15,235
Adjustments required to reconcile net income to net cash provided by (used in) operating activities:																				
Depreciation & Amortization	40	45	45	55	185	70	80	90	90	330	95	95	95	95	380	250	255	255	260	1,020
Stock Based Compensation	255	250	275	275	1,055	325	350	395	445	1,515	470	450	445	445	1,810	-	-	-	-	-
Decrease (increase) in trade receivables	-	500	(950)	(600)	(1,050)	1,200	(1,550)	(1,050)	(850)	(2,250)	1,500	(1,100)	(1,650)	(2,200)	(3,450)	900	(3,650)	(6,050)	(7,550)	(16,350)
Decrease (increase) in inventory	570	(360)	(240)	545	515	(490)	(210)	(95)	510	(285)	(110)	(130)	(90)	115	(215)	(480)	(810)	(1,000)	(820)	(3,110)
Increase (decrease) in trade payables	(40)	90	60	(140)	(30)	125	50	25	(125)	75	25	35	20	(30)	50	170	205	250	205	830
Net Cash from Operations	(270)	(1,440)	(2,615)	(1,260)	(5,585)	(200)	(2,585)	(1,840)	(710)	(5,335)	60	(1,240)	180	2,245	1,245	(395)	(3,510)	(1,240)	2,770	(2,375)
Investing Activities																				
Purchase of PP&E	(135)	(110)	(10)	(125)	(380)	(260)	(15)	(165)	(20)	(460)	(15)	(15)	(10)	(10)	(50)	(2,350)	(50)	(50)	(50)	(2,500)
Net Cash - Investing	(135)	(110)	(10)	(125)	(380)	(260)	(15)	(165)	(20)	(460)	(15)	(15)	(10)	(10)	(50)	(2,350)	(50)	(50)	(50)	(2,500)
Investing Acitivities																				
Net proceeds from issuance of shares	12,500				12,500					-					-	-				-
Net proceeds from loans	(470)				(470)							240	(170)	(70)	-	560	3,560	1,290	(2,720)	2,690
Net Cash Investing	12,030	-	-	-	12,030	-	-	-	-	-	-	240	(170)	(70)	-	560	3,560	1,290	(2,720)	2,690
Cash at beginning of period	700	12,325	10,775	8,150	700	6,765	6,305	3,705	1,700	6,765	970	1,015	-	-	970	2,165	(20)	(20)	(20)	2,165
Increase/(decrease) in cash	11,625	(1,550)	(2,625)	(1,385)	6,065	(460)	(2,600)	(2,005)	(730)	(5,795)	45	(1,015)	-	2,165	1,195	(2,185)	-	-	-	(2,185)
Cash at end of period	12,325	10,775	8,150	6,765	6,765	6,305	3,705	1,700	970	970	1,015	-	-	2,165	2,165	(20)	(20)	(20)	(20)	(20)
Reconciliation:																				
Gross Profit	535	355	765	1,005	2,660	620	1,440	2,170	2,880	7,110	2,145	3,080	4,535	6,600	16,360	5,875	8,800	13,640	19,685	48,000
Working Capital	530	230	(1,130)	(195)	(565)	835	(1,710)	(1,120)	(465)	(2,460)	1,415	(1,195)	(1,720)	(2,115)	(3,615)	590	(4,255)	(6,800)	(8,165)	(18,630)
Clinical Trials	(345)	(745)	(880)	(700)	(2,670)	(325)	(755)	(1,270)	(1,500)	(3,850)	(2,030)	(1,425)	(870)	(380)	(4,705)	(1,200)	(1,200)	(1,200)	(1,200)	(4,800)
Salaries (not included mfg.)	(485)	(585)	(630)	(655)	(2,355)	(730)	(730)	(770)	(790)	(3,020)	(790)	(790)	(790)	(790)	(3,160)	(1,755)	(1,755)	(1,755)	(1,755)	(7,020)
Trade Shows	(20)	(250)	(20)	(210)	(500)	(100)	(250)	(175)	(215)	(740)	(105)	(255)	(175)	(215)	(750)	(630)	(1,530)	(1,050)	(1,290)	(4,500)
Promotional/Collaterals	(65)	(65)	(65)	(65)	(260)	(95)	(95)	(95)	(95)	(380)	(120)	(120)	(120)	(120)	(480)	(1,215)	(1,215)	(1,215)	(1,215)	(4,860)
Travel	(115)	(115)	(115)	(115)	(460)	(140)	(140)	(140)	(140)	(560)	(155)	(155)	(155)	(155)	(620)	(480)	(480)	(480)	(480)	(1,920)
Legal Services	(50)	(50)	(50)	(50)	(200)	(50)	(50)	(50)	(50)	(200)	(50)	(50)	(50)	(50)	(200)	(75)	(75)	(75)	(75)	(300)
Investor Relations	(30)	(30)	(30)	(30)	(120)	(30)	(30)	(30)	(30)	(120)	(30)	(30)	(30)	(30)	(120)	(30)	(30)	(30)	(30)	(120)
Audit & Financial Services	(45)	(45)	(45)	(45)	(180)	(45)	(45)	(45)	(45)	(180)	(45)	(45)	(45)	(45)	(180)	(65)	(65)	(65)	(65)	(260)
D&O Insurance	(20)	(20)	(20)	(20)	(80)	(20)	(20)	(20)	(20)	(80)	(20)	(20)	(20)	(20)	(80)	(20)	(20)	(20)	(20)	(80)
R&S Consultants	(25)	(25)	(25)	(25)	(100)	(25)	(25)	(25)	(25)	(100)	(25)	(25)	(25)	(25)	(100)	(50)	(50)	(50)	(50)	(200)
Rent	(25)	(25)	(25)	(25)	(100)	(25)	(25)	(25)	(25)	(100)	(25)	(25)	(25)	(25)	(100)	(60)	(60)	(60)	(60)	(240)
Commissions	(30)	(20)	(40)	(50)	(140)	(25)	(60)	(80)	(95)	(260)	(65)	(90)	(120)	(165)	(440)	(370)	(550)	(855)	(1,230)	(3,005)
Bad Debt	(30)	(20)	(40)	(50)	(140)	(25)	(60)	(80)	(95)	(260)	(65)	(90)	(120)	(165)	(440)	(145)	(220)	(340)	(490)	(1,195)
G&A miscellaneous	(50)	(50)	(50)	(50)	(200)	(50)	(50)	(50)	(50)	(200)	(50)	(50)	(50)	(50)	(200)	(100)	(100)	(100)	(100)	(400)
Other	-	20	(215)	20	(175)	30	20	(35)	50	65	75	45	(40)	(5)	75	(665)	(705)	(785)	(690)	(2,845)
Net Cash from Operations	(270)	(1,440)	(2,615)	(1,260)	(5,585)	(200)	(2,585)	(1,840)	(710)	(5,335)	60	(1,240)	180	2,245	1,245	(395)	(3,510)	(1,240)	2,770	(2,375)
Receivables	1,500	1,000	1,950	2,550		1,350	2,900	3,950	4,800		3,300	4,400	6,050	8,250		7,350	11,000	17,050	24,600	
Inventory	430	790	1,030	485		975	1,185	1,280	770		880	1,010	1,100	985		1,465	2,275	3,275	4,095	
Accounts Payable	160	250	310	170		295	345	370	245		270	305	325	295		465	670	920	1,125	
Interest Income/(Expense)	23	43	35	28	130	25	19	10	5	58	4	2	-	4	10	4	(0)	(0)	(0)	4

(US$ 000's)

P&L	2011 Total	2012 Total	2013 Total	2014 Total
REVENUES	7,000	13,000	22,000	60,000
GROSS PROFIT	2,660	7,110	16,360	48,000
% of SALES	38%	55%	74%	80%
TOTAL EXPENSES	9,005	11,870	13,695	32,620
EBIT	(6,345)	(4,760)	2,665	15,380
INTEREST INCOME/(EXPENSE)	85	40	5	(145)
NET INCOME before Tax	(6,260)	(4,720)	2,670	15,235
TAXES	-	-	-	-
NET INCOME after TAX	(6,260)	(4,720)	2,670	15,235
ACCUMULATED INCOME (LOSS)				
EBITDA	(6,165)	(4,425)	3,045	15,380

PERCENT OF SALES	2011 Total	2012 Total	2013 Total	2013 Total
REVENUES	100%	100%	100%	100%
COST of GOODS SOLD	62%	45%	26%	20%
GROSS PROFIT	38%	55%	74%	80%
EXPENSES				
R&D	52%	42%	30%	15%
Sales & Marketing	31%	23%	15%	30%
G&A	45%	26%	17%	10%
TOTAL EXPENSES	129%	91%	62%	54%
EBIT	-91%	-37%	12%	26%
INTEREST INCOME/(EXPENSE)	1%	0%	0%	0%
NET INCOME before Tax	-89%	-36%	12%	25%
TAXES	0%	0%	0%	0%
NET INCOME after TAX	-89%	-36%	12%	25%
EBITDA	-88%	-34%	14%	26%

P&L	2011				2011	2012	2013	2014
	Q1	Q2	Q3	Q4	$000	$000	$000	$000
REVENUES								
TOTAL REVENUES	**1,500**	**1,000**	**1,950**	**2,550**	**7,000**	**13,000**	**22,000**	**60,000**
COST of GOODS SOLD	965	645	1,185	1,545	4,340	5,890	5,640	12,000
GROSS PROFIT	**535**	**355**	**765**	**1,005**	**2,660**	**7,110**	**16,360**	**48,000**
% of SALES	**36%**	**36%**	**39%**	**39%**	**38%**	**55%**	**74%**	**80%**
R&D								
Salaries	90	90	110	135	425	800	940	2,320
ESOP	40	35	45	45	165	225	280	280
Options Other	10	10	5	-	25	-	-	-
Vehicles & Maintenance	10	10	15	20	55	110	120	360
Travel	15	15	15	15	60	80	100	160
Clinical Trials	345	745	880	700	2,670	3,850	4,705	4,800
Product Liability Insurance	5	5	5	5	20	20	40	60
Patents	15	15	15	15	60	120	130	280
Consultants & Sub Contractors	25	25	25	25	100	100	100	200
Rent /Facility Cost	5	5	5	5	20	20	20	60
Depreciation & Amortization	5	5	5	10	25	100	110	390
Phones	5	5	5	5	20	20	20	40
Misc.	5	5	5	5	20	20	20	40
Total R&D	**575**	**970**	**1,135**	**985**	**3,665**	**5,465**	**6,585**	**8,990**
Marketing								
Salaries	65	65	65	65	260	300	300	360
ESOP	10	5	5	10	30	60	60	60
Options _ Other	-	-	-	-	-	-	-	-
Vehicles & Maintenance	5	5	5	5	20	40	40	60
Trade Shows	20	250	20	210	500	740	750	4,500
Travel	25	25	25	25	100	140	140	800
Promotion Activities	45	45	45	45	180	220	240	2,460
Collaterals	20	20	20	20	80	160	240	2,400
Rent	-	-	-	-	-	-	-	40
Phones	5	5	5	5	20	20	20	40
Misc.	5	5	5	5	20	20	20	200
Total Marketing	**200**	**425**	**195**	**390**	**1,210**	**1,700**	**1,810**	**10,920**
Sales								
Salaries	135	150	175	175	635	800	800	2,900
ESOP	-	-	-	-	-	-	-	140
Options Other	-	-	-	-	-	-	-	-
Vehicles & Maintenance	10	10	10	10	40	40	40	80
Travel	30	30	30	30	120	160	200	600
Consultants & Sub Contractors	-	-	-	-	-	-	-	-
Commissions	30	20	40	50	140	260	440	3,005
Phones	5	5	5	5	20	20	20	60
Misc.	5	5	5	5	20	20	20	200
Total Sales	**215**	**220**	**265**	**275**	**975**	**1,300**	**1,520**	**6,985**
G&A/Finance								
Salaries	195	280	280	280	1,035	1,120	1,120	1,440
ESOP	105	100	100	105	410	635	810	800
Options Other	-	-	-	-	-	-	-	-
Bad Debt	30	20	40	50	140	260	440	1,195
Vehicles & Maintenance	15	15	15	15	60	60	60	80
Travel	45	45	45	45	180	180	180	360
Consultants & Sub Contractors	-	-	-	-	-	-	-	40
Director Fees	10	10	10	10	40	40	40	40
Legal Services	50	50	50	50	200	200	200	300
Investor Relations	30	30	30	30	120	120	120	120
Audit & Financial Services	45	45	45	45	180	180	180	260
D&O Insurance	20	20	20	20	80	80	80	80
Depreciation & Amortization	5	5	5	5	20	20	40	40
Rent	20	20	20	20	80	80	80	140
Computer Expenses	5	5	5	5	20	20	20	60
Phones	10	10	10	10	40	40	40	100
Office Supplies	5	5	5	5	20	20	20	40
Employee Recruiting	5	5	5	5	20	20	20	40
Company Events	-	10	-	10	20	20	20	20
Employee Meals & Refreshments	10	10	10	10	40	40	40	100
NASDAQ Fees and associated	-	-	250	-	250	70	70	70
Misc.	50	50	50	50	200	200	200	400
Total G&A	**655**	**735**	**995**	**770**	**3,155**	**3,405**	**3,780**	**5,725**
TOTAL EXPENSES	**1,645**	**2,350**	**2,590**	**2,420**	**9,005**	**11,870**	**13,695**	**32,620**
EBIT	**(1,110)**	**(1,995)**	**(1,825)**	**(1,415)**	**(6,345)**	**(4,760)**	**2,665**	**15,380**
INTEREST INCOME/(EXPENSE)	15	30	20	20	85	40	5	(145)

NET INCOME before Tax	**(1,095)**	**(1,965)**	**(1,805)**	**(1,395)**	**(6,260)**	**(4,720)**	**2,670**	**15,235**
TAXES					-	-	-	-
NET INCOME after TAX	**(1,095)**	**(1,965)**	**(1,805)**	**(1,395)**	**(6,260)**	**(4,720)**	**2,670**	**15,235**
ACCUMULATED INCOME (LOSS)	**(1,095)**	**(3,060)**	**(4,865)**	**(6,260)**			**5**	**(140)**
EBITDA	**(1,070)**	**(1,950)**	**(1,780)**	**(1,360)**	**(6,165)**	**(4,425)**	**3,045**	**15,380**

P&L	2011				2011	2012	2013	2014
	Q1	Q2	Q3	Q4	$000	$000	$000	$000
REVENUES								
TOTAL REVENUES	**1,485**	**1,018**	**1,925**	**2,574**	**7,002**	**13,000**	**22,000**	**60,005**
COST of GOODS SOLD	965	646	1,184	1,544	4,340	5,889	5,638	12,001
GROSS PROFIT	**520**	**371**	**741**	**1,030**	**2,662**	**7,112**	**16,363**	**48,004**
% of SALES	**35%**	**37%**	**39%**	**40%**	**38%**	**55%**	**74%**	**80%**
Total R&D	**573**	**970**	**1,137**	**979**	**3,659**	**5,475**	**6,596**	**8,996**
Total Marketing	**204**	**429**	**201**	**393**	**1,226**	**1,729**	**1,844**	**10,929**
Total Sales	**216**	**221**	**264**	**277**	**978**	**1,295**	**1,515**	**6,985**
Total G&A	**644**	**731**	**989**	**766**	**3,129**	**3,404**	**3,765**	**5,701**
TOTAL EXPENSES	**1,636**	**2,350**	**2,591**	**2,416**	**8,993**	**11,902**	**13,719**	**32,611**
EBIT	**(1,116)**	**(1,979)**	**(1,850)**	**(1,386)**	**(6,331)**	**(4,791)**	**2,644**	**15,393**
INTEREST INCOME/(EXPENSE)	15	28	22	18	83	39	6	(118)
NET INCOME before Tax	**(1,101)**	**(1,951)**	**(1,828)**	**(1,368)**	**(6,248)**	**(4,752)**	**2,650**	**15,275**
TAXES					-	-	-	-
NET INCOME after TAX	**(1,101)**	**(1,951)**	**(1,828)**	**(1,368)**	**(6,248)**	**(4,752)**	**2,650**	**15,275**
ACCUMULATED INCOME (LOSS)	**(1,101)**	**(3,052)**	**(4,880)**	**(6,248)**				
EBITDA	**(1,078)**	**(1,934)**	**(1,805)**	**(1,333)**	**(6,150)**	**(4,457)**	**3,024**	**16,412**

Exchange Rate = NIS:USD 3.6

HEADCOUNT PROJECTION

Department	Title	Sub title	Current Annual Gross $	Current Monthly Gross $	Monthly Gross NIS	Soc. Ben. Seniors 30.0%	Soc. Ben. Juniors 22.5%	$ Car	- $ Cell	-	2010	2011	2012	2013	2014	Vehicles 2010	2011	2012	2013
Total Production											**26**	**32**	**33**	**34**	**91**	**1**	**1**	**2**	**3**
Total R&D											**3**	**5**	**10**	**10**	**10**	**3**	**5**	**9**	**9**
Total Marketing											**2**	**4**	**5**	**5**	**8**	**2**	**2**	**3**	**3**
Total Sales											**5**	**9**	**10**	**10**	**33**	**2**	**3**	**3**	**3**
Total G&A											**9**	**10**	**10**	**10**	**16**	**4**	**4**	**4**	**4**
TOTAL Employees											**44**	**59**	**67**	**68**	**157**	**12**	**15**	**21**	**22**

COST

Department	Title	Annual Gross $	Monthly Gross $	Soc. Ben. Seniors 30.0%	Soc. Ben. Juniors 22.5%	$ Car	- $ Cell	-Monthly Cost $	2011 $000	2012 $000	2013 $000	2013 $000	Cost Per Car 2011 $000	2012 $000	2013 $000
Total Production									**658**	**770**	**961**	**2,436**	**14**	**18**	**43**
Total R&D									**481**	**844**	**930**	**2,321**	**54**	**115**	**130**
Total Marketing									**214**	**270**	**270**	**326**	**29**	**43**	**43**
Total Sales									**626**	**791**	**791**	**2,899**	**43**	**43**	**43**
Total G&A									**1,083**	**1,171**	**1,171**	**1,483**	**58**	**58**	**58**
TOTAL SALARIES									**3,063**	**3,846**	**4,122**	**9,465**	**198**	**277**	**317**

Recording for P&L purposes:

R&D Adjusted:				
Original	481	844	930	2,321
Allocation of Eli until there is VP of Production Q1 2013	(70)	(53)	-	-
Allocation of Eli to G&A	(70)	(70)	(70)	(70)
Allocation of Ofir to R&D	20	20	20	20
Allocation of Asher to R&D	59	59	59	59
Adjusted R&D	**419**	**800**	**938**	**2,330**
G&A Adjusted:				
Original	1,083	1,171	1,171	1,483
Allocation of Ofir to R&D	(20)	(20)	(20)	(20)
Allocation of Asher to R&D	(59)	(59)	(59)	(59)
Allocation of Ofir to Marketing	(20)	(20)	(20)	(20)
Allocation of Asher to Marketing	(20)	(20)	(20)	(20)
Allocation of Eli to G&A	70	70	70	70
Adjusted R&D	**1,035**	**1,123**	**1,123**	**1,435**
Marketing Adjusted:				
Original	214	270	270	326
Allocation of Ofir to Marketing	20	20	20	20
Allocation of Asher to Marketing	20	20	20	20
Adjusted Marketing	**253**	**309**	**309**	**365**
Production Adjusted:				
Original	658	770	961	2,436
Allocation of Eli to Production	70	53	-	-
Adjusted Production	**729**	**822**	**961**	**2,436**
Sales (No adjustments)	**626**	**791**	**791**	**2,899**
Total Pre Adjusted	3,063	3,846	4,122	9,465
Total Adjusted	3,063	3,846	4,122	9,465
Variance	-	-	-	-
Total Adjusted without Production	2,334	3,023	3,162	7,029

		2011				2011	2012				2012	2013				2013	2014				2014
		Q1	000 Q2	000 Q3	000 Q4	000	000's	Q1	000 Q2	000 Q3	000 Q4	000	000's	Q1	000 Q2	000 Q3	000 Q4	000	000's	Q1	000 Q2	000 Q3	000 Q4	000	000's
Price $	550.00																							
Coronary Stents		2,700	1,850	3,500	4,680		12,730	2,413	5,308	7,184	8,732		23,637	6,000	8,000	11,000	15,000		40,000	12,000	16,000	25,000	35,000		88,000
Peripheral/Carotid Stents*							-						-						-	1,200	3,000	4,000	5,500		13,700
Coronary DE Stents**							-	-					-						-	200	1,000	2,000	4,200		7,400
Total World	# of Stents	2,700	1,850	3,500	4,680		12,730	2,413	5,308	7,184	8,732		23,637	6,000	8,000	11,000	15,000		40,000	13,400	20,000	31,000	44,700		109,100

Sales by Geographic Region

			2011	2012					2012	2013					2013	2014					2014
Continent	Current																				
Europe	62%	20%	55%	55%	55%	48%	48%	48%	48%	48%	48%	42%	42%	42%	42%	42%	28%	28%	28%	28%	28%
North America	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	30%	30%	30%	30%	30%
Latin American	10%	5%	10%	10%	10%	9%	12%	12%	12%	12%	12%	15%	15%	15%	15%	15%	10%	10%	10%	10%	10%
Asia	23%	70%	30%	30%	30%	38%	37%	37%	37%	37%	37%	40%	40%	40%	40%	40%	28%	28%	28%	28%	28%
ROW	5%	5%	5%	5%	5%	5%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	4%	4%	4%	4%	4%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
# of Stents Per Continent																					
Europe		540	1,018	1,925	2,574	6,057	1,158	2,548	3,448	4,191	11,346	2,520	3,360	4,620	6,300	16,800	3,752	5,600	8,680	12,516	30,548
North America		-	-	-	-	0	-	-	-	-	0	-	-	-	-	0	4,020	6,000	9,300	13,410	32,730
Latin American		135	185	350	468	1,138	290	637	862	1,048	2,836	900	1,200	1,650	2,250	6,000	1,340	2,000	3,100	4,470	10,910
Asia		1,890	555	1,050	1,404	4,899	893	1,964	2,658	3,231	8,746	2,400	3,200	4,400	6,000	16,000	3,752	5,600	8,680	12,516	30,548
ROW		135	93	175	234	637	72	159	216	262	709	180	240	330	450	1,200	536	800	1,240	1,788	4,364
Total		2,700	1,850	3,500	4,680	12,730	2,413	5,308	7,184	8,732	23,637	6,000	8,000	11,000	15,000	40,000	13,400	20,000	31,000	44,700	109,100

TRADE SHOWS	International Conferences				
		2011	2012	2013	
	Big	2	3	3	
	Medium	1	2	2	
	Small	1	1	1	
	Cost				
	Big				
	Medium				
	Small				
		2011	2012	2013	
		$000	$000	$000	
	Big	300	450	450	
	Medium	80	160	160	
	Small	40	40	40	
	Local Sponsorship in contries	80	90	100	
Total Trade Shows		**500**	**740**	**750**	
OTHER MARKETING EXP.					
Subcontractors		40	80	100	
Press Release Distribrution		6	6	6	
Marketing Support Trials		100	100	100	
Advertising		40	40	40	
Total Promotional Activities		**186**	**226**	**246**	
Collaterals					
	Spec Sheet	8	16	24	
	Brochures	8	16	24	
	Backgrounder	8	16	24	
	Folders	8	16	24	
	CD demo	8	16	24	
	Print Adds	8	16	24	
	Marketing content	8	16	24	
	Graphic designs	8	16	24	
	Giveaways	8	16	24	
	Incentive Programs	8	16	24	75%
Total Collaterals		**80**	**160**	**240**	

IP

Patent Application		4	4	4
PCT		-	3	2
IP National Phase		-	-	1

Cost

	$000
Patent Application	10
PCT	20
IP National Phase	30

	2009	**2010**	**2011**
	$000	**$000**	**$000**
Patent Application	40	40	40
PCT	-	60	40
IP National Phase	-	-	30
Miscellaneous	20	20	20
	60	**120**	**130**

	Task Description	Budget	Budget (K$) through	Y1				Y2				Y3				Y4				Y5				Y6			
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Coronary MGuard	Mother Trial RCT	2,000	2,000																								
	No. of patients		410	25	135	180	80																				
	Cost Per Patients (Cor.lab fee)		1.2	18	165	120	96																				
	country cost (hospital dr. etc.)		1,500	100	300	300	400	300	100	100	100																
Coronary MGuard Prime	FIM (First in Man)	150	150																								
	No. of patients		60	15	20	15																					
	Cost Per Patients		2.5	38	50	63																					
	FDA -																										
	FDA Pre IDE pre clinical	7	7																								
	File preperation		7																								
	FDA Pre IDE clinical	30	30																								
	File preperation		30																								
	MGuard Prime to FDA	500	500																								
	Bench test		250	100	100	50																					
	Animal study		250		50	100	100																				
	FDA IDE meeting	100	100																								
						50	50																				
	FDA clinical Study	7,000	7,000																								
	no. of patients		580						65	114	165	182	108														
	Cost in US		54						104	359	951	1215	724														
	cost in Europe		5.5						124	309	371	495	296														
	Core Lab cost		1.5								68	159	203	170	182												
Carotid / peripheral CE MARk	MGuard carotid																										
	Development	150	150																								
				50	50	50																					
	Pre-Clinical	130	130																								
			animals		30	50	50																				
	Clinical	250	250																								
	no. Of patients		50					25	25																		
	Cost Per Patients		5.0					125	125																		
MGuard On CE MARk	Development	500	500																								
								100	100	100		100	100														
	Pre-clinical	500	400																								
	animal study & Bench test										50	50	100	100	100	100											
	CE Apr.	4,000																									
	No. of patiets (~500 p)	500														50	90	115	135	110	0	0	0				
	Core lab	1,000														100	100	100	100	100	100	100	100	100			
	Per Patient cost	5.0														237	540	575	608	575	0	0	0	0			
	FDA Apr.	TBD																									
	No. of patiets (~2000 p)	TBD																									
	Core Lab																										
	Total	15,317	11,218	404	765	802	668	625	758	1,159	1,560	2,004	1,434	870	882	497	640	775	910	875	100	100	100	100			

Total Per Quarter

Y6 Column Equals 8,467 (804 more than we originally said (q4 not included) +910 is FDA clinical study
CE Approval equals 4,000 not 3,500

ESOP

	2011 Q1	2011 $000Q2	2011 $000Q3	2011 $000Q4	2011 $000	2011 $000	2012 Q1	2012 $000Q2	2012 $000Q3	2012 $000Q4	2012 $000	2012 $000	2013 Q1	2013 $000Q2	2013 $000Q3	2013 $000Q4	2013 $000	2013 $000
G&A																		
Allotments as of 31/12/2010	92,194	68,324	45,580	26,928	233,026		26,928	28,717	25,771	25,771	107,187		25,771	29,049	25,000	25,000	104,820	
Allotments in 2011/2012	11,069	33,208	55,346	77,485	177,107		99,623	121,761	143,900	166,038	531,322		177,107	177,107	177,107	177,107	708,430	
Total G&A	103,263	101,532	100,926	104,413	410,133		126,551	150,478	169,671	191,809	638,509		202,878	206,156	202,107	202,107	813,250	
Production																		
Allotments as of 31/12/2010	80,776	66,658	70,454	45,837	263,725		38,769	33,454	29,180	25,458	126,861		22,406	1	1	1	22,409	
Allotments in 2011/2012	9,698	29,095	48,492	67,888	155,173		87,285	106,682	126,078	145,475	465,519		155,173	155,173	155,173	155,173	620,692	
Total Production	90,474	95,753	118,946	113,725	418,898		126,054	140,135	155,258	170,933	592,380		177,579	155,174	155,174	155,174	643,101	
R&D																		
Allotments as of 31/12/2010	37,311	23,337	23,285	12,756	96,689		8,966	1	1	1	8,969		1	1	1	1	4	
Allotments in 2011/2012	4,480	13,439	22,399	31,358	71,676		40,317	49,277	58,236	67,196	215,027		71,676	71,676	71,676	71,676	286,702	
Total G&A	41,791	36,776	45,684	44,114	168,365		49,283	49,278	58,237	67,197	223,996		71,677	71,677	71,677	71,677	286,706	
Marketing																		
Allotments as of 31/12/2010	8,624	1,302	1,302	1,302	12,530		11,298	1	1	1	11,301		1	1	1	1	4	
Allotments in 2011/2012	1,035	3,106	5,177	7,248	16,567		9,319	11,390	13,461	15,532	49,701		16,567	16,567	16,567	16,567	66,268	
Total Marketing	9,659	4,408	6,479	8,550	29,097		20,617	11,391	13,462	15,533	61,002		16,568	16,568	16,568	16,568	66,272	
Sales																		
Allotments as of 31/12/2010	1	1	1	1	4		1	1	1	1	4		1	1	1	1	4	
Allotments in 2011/2012	0	0	1	1	2		1	1	2	2	6		2	2	2	2	8	
Total Sales	1	1	2	2	6		2	2	3	3	10		3	3	3	3	12	
Total																		
Allotments as of 31/12/2010	218,906	159,622	140,622	86,824	605,974		85,962	62,174	54,954	51,232	254,322		48,180	29,053	25,004	25,004	127,241	
Allotments in 2011/2012	26,283	78,848	131,414	183,980	420,525		236,545	289,111	341,677	394,242	1,261,575		420,525	420,525	420,525	420,525	1,682,100	
Total Company	245,189	238,470	272,036	270,804	1,026,499		322,508	351,285	396,631	445,474	1,515,897		468,705	449,578	445,529	445,529	1,809,341	

New Allocation of Options:

		Allocation															
Total amount	7,476,000	1	2	3	4		5	6	7	8							
50% allocated evenly in 2011	3,738,000	934,500	934,500	934,500	934,500	3,738,000											
50% allocated evenly in 2012	3,738,000						934,500	934,500	934,500	934,500	3,738,000						
		Cost charged as Compensation															
option price	$ 1.50	1	26,283	52,566	52,566	52,566	183,980	52,566	52,566	52,566	52,566	210,263	52,566	52,566	52,566	52,566	210,263
B&S value (Average of BDO report)	$ 0.90	2		26,283	52,566	52,566	131,414	52,566	52,566	52,566	52,566	210,263	52,566	52,566	52,566	52,566	210,263
		3			26,283	52,566	78,848	52,566	52,566	52,566	52,566	210,263	52,566	52,566	52,566	52,566	210,263
		4				26,283	26,283	52,566	52,566	52,566	52,566	210,263	52,566	52,566	52,566	52,566	210,263
		5						26,283	52,566	52,566	52,566	183,980	52,566	52,566	52,566	52,566	210,263
	52,566	6							26,283	52,566	52,566	131,414	52,566	52,566	52,566	52,566	210,263
		7								26,283	52,566	78,848	52,566	52,566	52,566	52,566	210,263
		8									26,283	26,283	52,566	52,566	52,566	52,566	210,263
	Total		26,283	78,848	131,414	183,980	420,525	236,545	289,111	341,677	394,242	1,261,575	420,525	420,525	420,525	420,525	1,682,100

	Allotment Pre 2011	% of Total
G&A	92,194	42%
Production	80,776	37%
R&D	37,311	17%
Marketing	8,624	4%
Sales	1	0%
Total	218,906	100%

Other Options (000's)

	2011 Q1	2011 $000Q2	2011 $000Q3	2011 $000Q4	2011 $000	2011 $000	2012 Q1	2012 $000Q2	2012 $000Q3	2012 $000Q4	2012 $000	2012 $000	2013 Q1	2013 $000Q2	2013 $000Q3	2013 $000Q4	2013 $000	2013 $000
G&A						0						0						0
R&D	9	8	5	2	23		2	2	1	1	5		1	1	1	0	2	
Marketing						0						0						0
Sales	2	2	2	2	9							0						0
Total	11	10	7	4	32		2	2	1	1	5		1	1	1	0	2	
Production Other Options						0						0						0
Total Options - Not ESOP	11	10	7	4	32		2	2	1	1	5		1	1	1	0	2	

Amount in US$

	2011	2012	2013	2014		
Description					Total	Unit Cost
Deep Coating System	0	1	0	3	250000	250,000
Crimper	1	1	0	3	270000	135,000
Self expanding crimper	1	0	0	3	120000	120,000
Inspection Microscop	2	2	2	50	50000	8,333
Clean room #1	1	0	0	1	100000	100,000
Clean room #2	1	0	0	1	100000	100,000
Clean room #3	0	1	0	1	150000	150,000
Water system	1	1	0	0	20000	10,000
General Equipment	0	0	0	0	100000	
Total	7	6	2	62		

	2011	2012	2013	2012		
Cost						
Description					Total	Unit Cost
Deep coating system	-	250	-	750	250000	
Crimper	135	135	-	405	270000	
Self expanding crimper	120	-	-	360	120000	
Inspection Microscopes	17	17	17	417	50000	
Clean room #1	100	-	-	100	100000	
Clean room #2	100	-	-	100	100000	
Clean room #3	-	150	-	150	150000	
Water system	10	10	-	-	20000	
General Equipment	33	33	33	220	100000	
Total	515	595	50	2,502		
Adjusted for Cash Flow	**380**	**460**	**50**	**2,502**		
MFG	473	303	8	1,323		
R&D	42	292	42	1,178		
Total for Depreciation	515	595	50	2,502		
Depreciation						
G&A						
Prior to 31/12/2010	20	20	20	20		
New	2	8	12	20		
Total Depreciation	22	28	32	40		
R&D						
Prior to 31/12/2010	20	20	20	20		
New	7	79	90	370		
Total Depreciation	27	99	110	390		
MFG						
Prior to 31/12/2010	30	30	30	30		
New	91	164	196	527		
Total Depreciation	121	194	226	557		
Sales	6	6	6	16		
Marketing	6	6	6	16		
Total Depreciation	181	334	380	1,019		

	2011	2012	2013	Total
Gross Profit	2,660	7,110	16,360	26,130
Working Capital	565	2,460	3,615	6,640
R&D	3,500	5,240	6,305	15,045
Marketing and Sales	2,155	2,940	3,270	8,365
G&A	2,745	2,770	2,970	8,485
Total outlay	8,965	13,410	16,160	38,535
Net Cash	(6,305)	(6,300)	200	(12,405)

InspireMD Key Financial Data

	2011	2012	2013
# of Stents (000)	12.7	23.6	40.0
Sales ($000)	7,000	13,000	22,000
Gross Margin (average for the year)	38%	55%	74%
NET INCOME	-6,260	-4,720	2,670
Sales By Geographic Region			
Europe	48%	48%	42%
North America	0%	0%	0%
Latin American	9%	12%	15%
Asia	38%	37%	40%
ROW	5%	3%	3%
Total	100%	100%	100%

INSPIREMD LTD.
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

TABLE OF CONTENTS

The amounts are stated in U.S. dollars in thousands

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders of
InspireMD Ltd.

We have audited the accompanying consolidated balance sheets of InspireMD Ltd. (the "Company") and its subsidiary as of December 31, 2010 and 2009 and the related consolidated statements of operations, changes in equity (capital deficiency) and cash flows for each of the two years in the period ended December 31, 2010. These consolidated financial statements are the responsibility of the Company's Board of Directors and management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Company's board of directors and management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiary as of December 31, 2010 and 2009 and the results of their operations, changes in equity (capital deficiency) and cash flows for each of the two years in the period ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

Tel-Aviv, Israel
March 31, 2011

Kesselman & Kesselman
Certified Public Accountants (Isr.)
A member firm of PricewaterhouseCoopers International Limited

Kesselman & Kesselman, Trade Tower, 25 Hamered Street, Tel-Aviv 68125, Israel, P.O Box 452 Tel-Aviv 61003 Telephone: +972 -3- 7954555, Fax:+972 -3- 7954556, www.pwc.co.il

INSPIREMD LTD.
CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands)

	December 31	
	2010	**2009**
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 636	$ 376
Restricted cash	250	302
Accounts receivable:		
Trade	852	1,189
Other	75	130
Prepaid expenses	3	39
Inventory:		
On consignment	371	1,093
Other	1,704	946
Total current assets	3,891	4,075
PROPERTY, PLANT AND EQUIPMENT , net of accumulated depreciation and amortization	282	292
NON-CURRENT ASSETS:		
Deferred debt issuance costs	15	29
Fund in respect of employee rights upon retirement	167	113
Total non-current assets	182	142
Total assets	$ 4,355	$ 4,509

The accompanying notes are an integral part of the consolidated financial statements.

INSPIREMD LTD.
CONSOLIDATED BALANCE SHEETS
(U.S. dollars in thousands)

	December 31	
	2010	**2009**
Liabilities net of capital deficiency		
CURRENT LIABILITIES:		
Current maturities of long-term loans	$ 355	$ 281
Accounts payable and accruals :		
Trade	1,103	907
Other	1,509	1,304
Advanced payment from customers	559	877
Loans from shareholders	20	20
Deferred revenues	398	1,975
Total current liabilities	3,944	5,364
LONG-TERM LIABILITIES:		
Long term loan	75	342
Liability for employees rights upon retirement	206	142
Convertible loan	1,044	-
Total long-term liabilities	1,325	484
COMMITMENTS AND CONTINGENT LIABILITIES (note 8)		
Total liabilities	5,269	5,848
CAPITAL DEFICIENCY :		
Ordinary shares of NIS 0.01 par value:		
As of December 31, 2010 and December 31, 2009 Authorized 50,000,000 shares; issued and outstanding 6,143,813 shares and 5,955,863 shares, respectively.	16	16
Additional paid-in capital	21,046	17,201
Accumulated deficit	(21,976)	(18,556)
Total capital deficiency	(914)	(1,339)
Total liabilities less capital deficiency	$ 4,355	$ 4,509

The accompanying notes are an integral part of the consolidated financial statements.

Asher Holzer
President and Chairman

Ofir Paz
CEO

Date of approval of financial statements: March 31, 2011

INSPIREMD LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS
(U.S. dollars in thousands, except per share data)

	Year ended December 31	
	2010	**2009**
REVENUES	$ 4,949	$ 3,411
COST OF REVENUES	2,696	2,291
GROSS PROFIT	2,253	1,120
OPERATING EXPENSES:		
Research and development	1,338	1,330
Selling and marketing	1,236	1,040
General and administrative	2,898	1,467
Total operating expenses	5,472	3,837
LOSS FROM OPERATIONS	(3,219)	(2,717)
FINANCIAL EXPENSES (INCOME), net	154	(40)
LOSS BEFORE TAX EXPENSES	(3,373)	(2,677)
TAX EXPENSES	47	47
NET LOSS	$ (3,420)	$ (2,724)
NET LOSS PER SHARE - basic and diluted	$ (0.56)	$ (0.46)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN COMPUTING NET LOSS PER SHARE - basic and diluted	6,066,279	5,872,137

The accompanying notes are an integral part of the consolidated financial statements.

INSPIREMD LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CAPITAL DEFICIENCY)
(U.S. dollars in thousands)

	Ordinary shares				
	Number of shares	Par value	Additional paid-in capital	Accumulated deficit	Total equity (capital deficiency)
BALANCE AT JANUARY 1, 2009	5,798,590	$ 15	$ 15,951	$ (15,832)	$ 134
CHANGES DURING 2009:					
Net loss				(2,724)	(2,724)
Exercise of options by employees	56,520	*	*		*
Employee and non-employee share-based compensation expenses			594		594
Redemption of beneficial conversion Feature of convertible loan			(308)		(308)
Issuance of ordinary shares, net of $44 issuance costs	100,753	1	964		965
BALANCE AT DECEMBER 31, 2009	5,955,863	16	17,201	(18,556)	(1,339)
CHANGES DURING 2010:					
Net loss				(3,420)	(3,420)
Employee and non-employee share-based compensation expenses			1,640		1,640
Issuance of warrants, net of $23 issuance costs			424		424
Issuance of ordinary shares, net of $97 issuance costs	187,950	*	1,781		1,781
BALANCE AT DECEMBER 31, 2010	6,143,813	$ 16	$ 21,046	$ (21,976)	$ (914)

***** Represents an amount less than $1

The accompanying notes are an integral part of the consolidated financial statements.

INSPIREMD LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(U.S. dollars in thousands)

	Year ended December 31	
	2010	**2009**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (3,420)	$ (2,724)
Adjustments required to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization of property, plant and equipment	91	89
Change in liability for employees right upon retirement	42	42
Financial expenses (income)	94	(224)
Share-based compensation expenses	1,620	562
Gains on amounts funded in respect of employee rights upon retirement, net	(11)	(10)
Changes in operating asset and liability items:		
Decrease (increase) in Prepaid expenses	36	(32)
Decrease (increase) in Trade receivables	337	(969)
Decrease (increase) in Other receivables	9	(27)
Decrease in Inventory on consignment	722	330
Increase in other inventories	(758)	(241)
Increase in Trade payables	196	612
Decrease in Deferred revenues	(1,577)	(507)
Increase (decrease) in Other payable and advance payment from customers	(91)	1,554
Net cash used in operating activities	(2,710)	(1,545)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Decrease (increase) in restricted cash	52	(272)
Purchase of property, plant and equipment	(81)	(34)
Proceeds from sale of property, plant and equipment		4
Amounts funded in respect of employee rights upon retirement, net	(17)	(44)
Net cash used in investing activities	(46)	(346)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of shares, net of issuance costs	1,821	976
Proceeds from long-term loan, net of $41 issuance costs		419
Issuance of warrants, net of $23 issue costs	424	
Proceeds from convertible loan at fair value through profit or loss, net of $60 issuance costs	1,073	
Repayment of long term loan	(281)	
Repayment of loans from shareholders		(20)
Repayment of Convertible loan		(720)
Net cash provided by financing activities	3,037	655
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(21)	41
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	260	(1,195)
BALANCE OF CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	376	1,571
BALANCE OF CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 636	$ 376
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Taxes on income paid	$ 56	$ -
Interest paid	$ 30	$ 88
SUPPLEMENTAL DISCLOSURE OF NON-CASH FINANCING ACTIVITIES - receivables on account of shares	$ -	$ 20

* Represents an amount less than $1

The accompanying notes are an integral part of the consolidated financial statements.

NOTE 1 - DESCRIPTION OF BUSINESS

InspireMD Ltd (the "Company"), an Israeli corporation, was incorporated and commenced operations in April 2005. InspireMD GmbH (the "Subsidiary") was incorporated on November 2007.

The Company and its Subsidiary, (collectively, the "Group"), develops, manufactures, markets and sells unique coronary stents.
The Group markets its products through distributers in international markets, mainly in Europe. The Company currently depends on a single manufacturer.

Management of the Company is in the opinion that as a result of the consummation of the reverse merger transaction described in note 15.f, the Company has sufficient cash to continue its operations into 2012. However, depending on the operating results in 2011, the Company may need to obtain additional cash in 2012 to continue to fund operations .

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES:

a. Accounting principles

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

b. Use of estimates

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting periods. Actual results could differ from those estimates.

As applicable to these consolidated financial statements, the most significant estimates and assumptions relate to revenue recognition including provision for returns, legal contingencies, estimation of the fair value of share-based compensation and estimation of the fair value of a convertible loan.

c. Functional currency

The currency of the primary economic environment in which the operations of the Company and its subsidiary are conducted is the U.S. dollar ("$" or "dollar"). Accordingly, the functional currency of the Company and of the subsidiary is the dollar.

The dollar figures are determined as follows: transactions and balances originally denominated in dollars are presented in their original amounts. Balances in foreign currencies are translated into dollars using historical and current exchange rates for non-monetary and monetary balances, respectively. The resulting translation gains or losses are recorded as financial income or expense, as appropriate. For transactions reflected in the statements of operations in foreign currencies, the exchange rates at transaction dates are used. Depreciation and changes in inventories and other changes deriving from non-monetary items are based on historical exchange rates.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

d. Principles of consolidation

The consolidated financial statements include the accounts of the Company and of its Subsidiary. Intercompany transactions and balances, have been eliminated upon consolidation.

e. Cash and cash equivalents

The Group considers all highly liquid investments, which include short-term bank deposits (up to three months from date of deposit) that are not restricted as to withdrawal or use to be cash equivalents.

f. Restricted cash

The Company maintains certain cash amounts restricted as to withdrawal or use, related mainly to long-term loan, see note 7. The restricted cash are denominated in U.S. dollars and NIS.

g. Fair value measurement:

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Group uses various valuation approaches, including market, income and/or cost approaches. Hierarchy for inputs is used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Group's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs.

h. Concentration of credit risk and allowance for doubtful accounts

Financial instruments that may potentially subject the Group to a concentration of credit risk consist of cash, cash equivalents and restricted cash which are deposited in major financial institutions in Germany and Israel, and trade accounts receivable. The Group's trade accounts receivable are derived from revenues earned from customers from various counties. The Group performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral from its customers. The Group also has a credit insurance policy for part of its customers. The Group maintains an allowance for doubtful accounts receivable based upon the expected ability to collect the accounts receivable. The Group reviews its allowance for doubtful accounts quarterly by assessing individual accounts receivable and all other balances based on historical collection experience and an economic risk assessment. If the Group determines that a specific customer is unable to meet its financial obligations to the Group, the Group provides an allowance for credit losses to reduce the receivable to the amount management reasonably believes will be collected. To mitigate risks the Group deposits cash and cash equivalents with high credit quality financial institutions.
Provisions for doubtful debts are netted against "Accounts receivable-trade."

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

i. Inventory

Inventories include finished goods, work in process and raw materials. Inventories are stated at the lower of cost (cost is determined on a “first-in, first-out” basis) or market value.
In respect to inventory on consignment, see note 2(l).

j. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets: over three years for computers and other electronic equipment, five years for vehicles and seven to fifteen years for office furniture and equipment, and machinery and equipment (mainly seven years). Leasehold improvements are amortized on a straight-line basis over the term of the lease, which is shorter than the estimated life of the improvements.

k. Impairment of long-lived assets

The Group reviews all long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the expected future cash flows (undiscounted and without interest charges) of the long-lived assets is less than the carrying amount of such assets, an impairment loss would be recognized, and the assets would be written down to their estimated fair values.

To date, the Group has not recorded any impairment charges relating to its long-lived assets.

l. Revenue recognition

Revenue is recognized when delivery has occurred, evidence of an arrangement exists, title and risks and rewards for the products are transferred to the customer, collection is reasonably assured and when product returns can be reliably estimated. When product returns can be reliably estimated a provision is recorded, based on historical experience, and deducted from sales. The provision for sales returns and related costs are included in “Accounts payable and accruals - Other” under “current liabilities", and "Inventory on consignment", respectively.

When returns cannot be reliably estimated, both revenues and related direct costs are eliminated, as the products are deemed unsold. Accordingly, both related revenues and costs are deferred, and presented under "Deferred revenues" and "Inventory on consignment", respectively.

The Group recognizes revenue net of value added tax (VAT).

m. Research and development costs

Research and development costs are charged to the statement of operations as incurred.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

n. Share-based compensation

Employees option awards are classified as equity awards and accounted for using the grant-date fair value method. The fair value of share-based awards is estimated using the Black-Scholes valuation model, which is expense over the requisite service period, net of estimated forfeitures. The Company estimates forfeitures based on historical experience and anticipated future conditions.

The Company elected to recognize compensation expensed for awards with only service conditions that have graded vesting schedules using the accelerated multiple option approach.

The Company accounts for equity instruments issued to third party service providers (non-employees), by recording the fair value of the options granted using an option pricing model, at each reporting period, until rewards is vested in full. The expense is recognized over the vesting period using the accelerated multiple option approach. The expense relates to options granted to third parties service providers in respect of potential investor's introduction services to the Company in which the Company entered into an agreement with the investor (hereafter- Finder's services) is recorded at its fair value in Equity, as issuance costs.

o. Uncertain tax positions

The Company follows a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained on audit. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon ultimate settlement. Such liabilities are classified as long-term, unless the liability is expected to be resolved within twelve months from the balance sheet date. The Company's policy is to include interest and penalties related to unrecognized tax benefits within financial expenses.

p. Deferred Income taxes

Deferred taxes are determined utilizing the "asset and liability" method based on the estimated future tax effects of differences between the financial accounting and tax bases of assets and liabilities under the applicable tax laws, and on tax rates anticipated to be in effect when the deferred taxes are expected to be paid or realized. Valuation allowance is provided if, based upon the weight of available evidence, it is "more likely than not" that a portion of the deferred tax assets will not be realized. The Company has established a valuation allowance against certain of its deferred tax assets because management believes that after considering all of the available evidence, historical and prospective, it is not more likely than not that such deferred tax assets will be realized within their recovery periods.

The Company may incur additional tax liability in the event of intercompany dividend distributions by its subsidiary. Such additional tax liability in respect of this non-Israeli subsidiary has not been provided for in these financial statements as it is the Company's policy permanently to reinvest the subsidiary's earnings and to consider distributing dividends only when this can be facilitated in connection with a specific tax opportunity that may arise.

Taxes which would apply in the event of disposal of investments in non-Israeli subsidiary have not been taken into account in computing the deferred taxes, as it is the Company's intention to hold, and not to realize, this investment.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

q. Advertising

Cost related to advertising and promotion of products is charged to sales and marketing expense as incurred. Advertising expenses for the end of the years 2009 and 2010 were $275 and $467 thousands, respectively.

r. Net loss per share

Basic and diluted net loss per share is computed by dividing the net loss for the year by the weighted average number of ordinary shares outstanding during the year. The calculation of diluted net loss per share excludes potential ordinary shares as the effect is anti-dilutive. Potential ordinary shares are comprised of incremental ordinary shares issuable upon the exercise of share options, warrants or convertible loan.

For the years ended December 31, 2010 and 2009 all outstanding options, warrants and convertible loan have been excluded from the calculation of the diluted loss per share since their effect was anti-dilutive. The total number of ordinary shares related to outstanding options and convertible loan excluded from the calculations of diluted loss per share were 1,170,773 and 724,164 for the years ended December 31, 2010 and 2009, respectively.

s. Segment reporting

The Company has one operating and reportable segment.

t. Subsequent events

Subsequent events were evaluated through March 31, 2011.

u. Newly issued accounting pronouncements

In October 2009, the FASB issued amendments to the accounting and disclosure for revenue recognition. These amendments, effective for fiscal years beginning on or after June 15, 2010 (early adoption is permitted), modify the criteria for recognizing revenue in multiple element arrangements and require companies to develop a best estimate of the selling price to separate deliverables and allocate arrangement consideration using the relative selling price method. Additionally, the amendments eliminate the residual method for allocating arrangement considerations. The Company does not expect the standard to have material effect on its consolidated financial statements.

In January 2010, the FASB updated the “Fair Value Measurements Disclosures”. More specifically, this update will require (a) an entity to disclose separately the amounts of significant transfers in and out of Levels 1 and 2 fair value measurements and to describe the reasons for the transfers; and (b) information about purchases, sales, issuances and settlements to be presented separately (i.e. present the activity on a gross basis rather than net) in the reconciliation for fair value measurements using significant unobservable inputs (Level 3 inputs). This update clarifies existing disclosure requirements for the level of disaggregation used for classes of assets and liabilities measured at fair value, and require disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements using Level 2 and Level 3 inputs. This will become effective as of the first interim or annual reporting period beginning after December 15, 2009, except for the gross presentation of the Level 3 roll forward information, which is required for annual reporting periods beginning after December 15, 2010 and for interim reporting periods within those years. The adoption of the new guidance will not have a material impact on the Company's consolidated financial statements.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (continued):

v. Factoring of receivables

During 2010, the Company factored some of its trade receivables. The factoring was executed through banking institution on a recourse basis, and through other non-banking institute on a non-recourse basis. As of December 31, 2010 the Company did not have financial assets relates to such transaction.

The resulting costs were charged to “financial expenses-net”.

NOTE 3 - FAIR VALUE MEASURMENT

a. The Company measures fair value and discloses fair value measurements for financial assets and liabilities. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The accounting standard establishes a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three broad levels, which are described below:

Level 1: Quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Observable prices that are based on inputs not quoted on active markets, but corroborated by market data.

Level 3: Unobservable inputs are used when little or no market data is available. The fair value hierarchy gives the lowest priority to Level 3 inputs.

In determining fair value, the Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible and considers counterparty credit risk in its assessment of fair value.

Convertible loan was initially recorded at fair value of $1,133, then subsequently remeasured at fair value with the decrease in fair value of $89 included in the profit or loss as of December 31, 2010. This security is measured at fair value on a recurring basis and classified in the "Significant Unobservable inputs (Level 3)" category.

b. The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and other accrued liabilities approximate their fair value either because these amounts are presented at fair value or due to the relatively short-term maturities of such instruments. The carrying amount of the Group’s other financial long-term assets and other financial long-term liabilities approximate their fair value.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT:

a. Composition of assets, grouped by major classifications, is as follows:

	December 31	
	2010	2009
	($ in thousands)	
Cost:		
Vehicles	$ 44	$ 28
Computer equipment	75	45
Office furniture and equipment	54	53
Machinery and equipment	416	384
Leasehold improvements	47	45
	636	555
Less - accumulated depreciation and amortization	(354)	(263)
Net carrying amount	$ 282	$ 292

b. Depreciation and amortization expenses totaled approximately $91 thousands and $89 thousands for the years ended December 31, 2010 and 2009, respectively.

NOTE 5 - LIABILITY FOR EMPLOYEES RIGHT UPON RETIREMENT

Israeli labor law generally requires payment of severance pay upon dismissal of an employee or upon termination of employment in certain other circumstances.

Pursuant to section 14 of the Israeli Severance Compensation Act, 1963, some of the Company's employees are entitled to monthly deposits, at a rate of 8.33% of their monthly salary, made in their name with insurance companies. Payments in accordance with section 14 relieve the Company from any future severance payments in respect of those employees.

The severance pay liability of the Company to the rest of its employees, which reflects the undiscounted amount of the liability, is based upon the number of years of service and the latest monthly salary, and is partly covered by insurance policies and by regular deposits with recognized severance pay funds. The Company may only make withdrawals from the amounts funded for the purpose of paying severance pay. The severance pay expenses (income) were $14 thousands and $(7) thousands in the years ended December 31, 2010 and 2009, respectively. Gain on amounts funded in respect of employee rights upon retirement totaled to $11 thousands and $10 thousands for the years ended December 31, 2010 and 2009, respectively.

The Company expects to contribute approximately $195 thousands in 2011 to the pension funds and insurance companies in respect of its severance and pension pay obligations.

NOTE 6 – CONVERTIBLE LOAN AND REVERSE MERGER AGREEMENTS

At the beginning of 2010, the Company started a process of undergoing a reverse merger transaction into a US public shell company (the "Shell"). In July 2010 The Company entered into an agreement with an investment bank (the "Investment Bank") on a best effort basis to act as an agent in connection with (i) the issuance of convertible debentures ("Convertible Debenture Transaction") to certain investors in the aggregate amount of $1.58 million (the "Debentures") and 125,000 warrants which will be allocated to each investor pro rata to the principal amount of the debenture purchased by such investor as compared to the aggregate principal amount of all Debentures issued in the offering ("the Warrants") and (ii) the sale of at least $7.5 million and up to $10 million (after deducting $1.58 million and any accrued interest as of the transaction date to be repaid to investors in a Convertible debenture Transaction) of equity or equity linked securities of the Shell to a limited number of investors (the “Private Placement”).

The convertible debentures and the Warrants in total amount of $1.58 million were issued on July 22, 2010. The Debentures bear annual interest of 8% and are payable upon the later of (i) two months subsequent to the Borrower's receipt of a tax ruling or (ii) six months from issuance date of the Debentures (the "Original Maturity Date"). Provided an Event of Default (as stipulated in the agreement) has not occurred before the Original Maturity Date, then the borrower shall have the right, at its sole discretion, to extend the maturity date until nine months after the Original Maturity Date (the "Second Maturity Date"). An Event of Default includes, inter alia, breach of covenants (as stipulated in the agreement), breach of standard representations and warranties, obtaining an unfavorable tax ruling, Merger and bankruptcy (as stipulated in the agreement).

Provided that neither an Event of Default nor an execution of the Private Placement have occurred prior to the Second Maturity Date, the Debenture shall be converted into Company's equity (or in the event of a successful execution of the Private Placement the Convertible debenture shall be converted to the Shell's equity) at predefined conversion ratios.

As indicated above, the holders of the Debentures, shall, at their option, have the right to demand immediate payment of both principal and interest then remaining unpaid upon the occurrence of Event of Default or upon the execution of the Private Placement prior to the Second Maturity Date.

If the Debentures are repaid to by the Company upon execution of the Private Placement, the Investment Bank will be obligated to raise such amounts to be repaid in addition to the minimum net amount of $7.5 million as indicated above.

The warrants conditions are as follows:

- Exercise price of $10 per warrant.
- Expiration term of 3 years.
- In the event the company has not completed a reverse merger before the original maturity date, third of the warrants shall expire immediately.

The Company has elected to apply regarding the debentures the fair value option in accordance with Topic 825 (i.e. the Debenture will be measured at each balance sheet date at fair value and the changes in its fair value will be recorded in profit and loss).
The proceeds from the issuance were allocated to the debentures at their fair value with the residual proceeds ascribed to the warrants as follows:

Debenture at fair value - $1,133 thousands.
Warrants - $447 thousands, net of $23 thousands direct transaction costs.

NOTE 6 – CONVERTIBLE LOAN AND REVERSE MERGER AGREEMENTS

The issuance of warrants was recorded in the additional paid-in capital, net of $23 thousands direct transaction costs allocated to the warrants.
The Company adjusted the value of the Debenture to fair value at December 31, 2010 and recorded the decrease in the value of $89 thousand as a gain included in Financial Income in the year ended December 31, 2010.

On December 29, 2010 the Company entered into a reverse merger agreement (the "agreement") with an American shell company named Saguaro Resource Inc (the "Shell").

The reverse merger will be executed by share exchange between the Company's shareholders, in way that the Company's shareholders who represents at least 80% of the Company's shares, shall transfer their shares free and clear of all liens, in exchange of the Shell's shares in an exchange ratio of at least 6.67 shares of the shell for every Company's share. The final exchange ratio will be agreed upon the closing of the transaction.

The closing of the transactions contemplated under the agreement (the "transactions") is subject to and conditioned upon investors irrevocably (i) committing to purchase such number of shares of Shell shares, on terms acceptable to the Company, that would result in an aggregate net proceeds to the Shell of at least $7,500,000 (the “Private Placement”) (excluding (i) all fees payable to brokers and any other third party, including the Company’s legal counsel in connection with the Private Placement and the Transactions; and (ii) the conversion of the Convertible Debentures (see note 5(a)) in the aggregate original principal amount of $1,580,000, together with any interest accrued thereon), and shall have placed such funds in escrow to be automatically released into the Shell’s bank account upon consummation of the Transactions. The closing is subject to a previous wide disclosure of all parties including the Company, the Company's shareholders and the Shell, and several additional conditions as stipulated in the agreement.

The closing of the reverse merger and the private placement were completed on March 31, 2011, see also note 15f.

NOTE 7 - 2008 CONVERTIBLE LOAN

In April 2008 (hereafter - Closing date) the Company signed a convertible loan agreement with certain lenders. Under this agreement the lenders shall provide a convertible loan at an aggregated amount of $720 thousands, bearing annual interest of 10%. The loan does not bear a maturity date.

The principal of the loan together with the accrued interest should be paid on the lender’s demand in any event of default or breach of covenant as stipulated in the convertible loan agreement.

The loan will be automatically converted into ordinary shares of the Company in the event of investment in the Company in an aggregate amount of $1 million (hereafter - qualified financing), at the lower conversion price of:
a) $12; or b) at a discount of 30% on the price per share in such qualified financing.

NOTE 7 - 2008 CONVERTIBLE LOAN

The loan will be automatically converted into ordinary shares in the event of an Initial Public Offering (hereafter – IPO) or in the event of consolidation, merger or sale of all assets or shares the Company (hereafter - exit transaction), in the lowest conversion price of: a) $12; or b) at a discount of 20% on the price per share in such exit transaction.

The loan and the accumulated interest may be converted to ordinary shares of the Company at any time prior to the event of qualified financing, according to the conversion terms in the event of qualified financing.

In accordance with ASC 470-20 "Debt with Conversion and Other Options", the Company determined that a beneficial conversion feature existed at the Closing date, totaling $308 thousands. Because the Convertible loan do not have a stated redemption date (except on event of default or breach of covenant), and may be converted by the holder at any time, the beneficial conversion feature was recognized immediately at the closing date as a financial expense, in the consolidated statements of operations.

In March 2009 ("the Redemption Date") the convertible loan was fully repaid (principal and accrued interest) to the lenders due to breach of the covenants by the Company. The Company allocated the proceeds paid between the portion related to the redemption of the beneficial conversion feature and that related to the convertible loan, based on the guidance stipulated in ASC 470-20. The Company measured the portion allocated to the beneficial conversion feature based on the intrinsic value of the conversion feature at the extinguishment date, which amounting to $308 thousands (which equals the original beneficial conversion feature since the price of the Company's shares, from Closing date to Redemption date, were the same). Accordingly, the difference between the amount allocated to the beneficial conversion feature plus the loan's carrying amount, and the cash paid, was recognized as financial income in the consolidated statements of operations.

NOTE 8 - LONG-TERM LOAN

In January, 2009 the Company signed a loan agreement with Mizrahi Tefahot Bank (hereafter- the bank).

According to the agreement the Company will be entitled to receive the following:

a. A loan (hereafter – the first loan) amounting to $750 thousands, bearing annual interest (quarterly paid) equal to Libor + 4% (as of December 31, 2009 – 0.2531%). The loan is payable in eight quarterly installments during a period of 3 years beginning April 2010.

b. An additional loan (hereafter – the second loan) amounting to $750 thousands which will be received no later than August 3, 2009 and subject to certain terms. The Company did not meet the specific certain terms and therefore was not able to receive the second loan.

c. A credit line amounting to $500 thousand for the purpose of financing export shipments. The credit line was not utilized by the Company.

NOTE 8 - LONG-TERM LOAN (continued):

In addition, According to the loan agreement, the Company has an obligation to pay additional $250 thousands in the following events:

a) Liquidity Event of at least $100 million (as stipulated in the agreement) or

b) IPO in which the Company's valuation is at least $100 million.

The Company granted to the bank a floating lien of all of its assets and a fixed lien of all its intellectual property and rights of future payments from the company's clients. The Company also committed to maintain in its bank account a minimum of $250 thousands. This amount was recorded in the consolidated balance sheet under "restricted cash". In November 2010 the Company was asked to grant an additional fixed lien to the bank in the amount of $300 thousands. The Company agreed to grant an additional fixed lien but as of December 31, 2010 the additional fixed lien was not yet recorded.

On February 2009 the Company received the first loan and according to the loan agreement issued 28,932 ordinary shares to the bank. Subsequently, the Company has estimated the fair value of the first loan, the second loan, the credit line and the 28,932 ordinary shares issued to the bank using the following assumptions:

1. Capitalization rate of 25.13% per year calculated by using Altman-Z score model.
2. Probability of realizing the second loan - 40%
3. Probability of realizing the credit line - 80%

The relative fair value of each component based on the valuation report is as follows:

1. The first loan - $540 thousands.
2. The second loan option - $20 thousands.
3. The credit line - $59 thousands.
4. The 28,932 ordinary shares issued to the bank - $290 thousands

The first loan was subsequently measured at amortized cost on the basis of the effective interest method over the loan period.
The second loan option and the credit line have been recorded in the consolidated financial statements in "financial expenses" during 2009.

Direct transaction costs of $41 thousands are recorded as deferred debt issuance costs in the consolidated balance sheet and amortized over the first loan period.

The contractual maturities of the first loan are as follows:

	December 31 2010
	($ in thousands)
2011	$ 375
2012	94
	$ 469

NOTE 9 - RELATED PARTIES TRANSACTIONS:

a. In January 2009 the Company signed a sub-lease agreement with a company controlled by the Company's shareholders, for a period of 12.5 months, for a monthly rent payment of $1 thousands. In 2010 the rent period was extended for an additional year and the rent payments increased by 10%.

b. In 2008 the Company entered into a consultancy agreement for marketing services with one of the Company's controlling shareholders of which she entitled for a fixed hourly fee of 154 NIS in Israel and a fixed daily fee of $400 abroad in respect to her services.

c. During 2007 the Company received a loan of $40 thousands from its controlling shareholders. Half of the loan was paid during 2009.

d. During the second half of 2008 the Company has decreased the salaries for most of its employees due to the economic slowdown. The Company also decreased the salaries of its two senior employees, the president and the CEO, both are shareholders. Their salaries were decreased in 25% and additional 25% were accrued and recorded in "accounts payable-trade". The accrued amounts were fully paid as of the December 31, 2010.

According to the agreement with the president and the CEO, As of September 2009, the above salaries decrease of 25% was cancelled.

e. In July 2010 the Company's board of directors approved new employment agreements for the Company's President and the company's CEO with the following terms:

- monthly gross salary of NIS 55,000.
- certain social and fringe benefits as set forth in the employment agreement, which total 15% of the gross salary.
- company car.
- minimum bonus equivalent to three monthly gross salaries based on achievement of objectives and board of directors approval.
- stock options pursuant to this agreement following its six month anniversary, subject to board approval.
- six months prior notice.

The agreements were approved by the Company's shareholders meeting in February 2011, and are effective only upon the occurrence of certain events, which as of the date of the financial statements were met.

f. Balances with related parties:

	December 31	
	2010	**2009**
	($ in thousands)	
Current liabilities:		
Trade payable	$ 3	$ 156
Other accounts payable	121	82
Loans from shareholders	20	20

NOTE 9 - RELATED PARTIES TRANSACTIONS (continued):

g . Transactions with related parties:

	December 31	
	2010	2009
	($ in thousands)	
Expenses:		
Salaries and related expenses	$ 241	$ 152
Consulting Fee	226	194
Financial expenses	-	1
Rent income	(15)	(13)

* Represents an amount less than $1 thousands.

NOTE 10 - COMMITMENTS AND CONTINGENT LIABILITIES:

a. Lease commitments:

1) The Company leases its premises for a period beginning February, 2007 and ending February, 2012.

Rent expenses included in the statement of operations totaled to approximately $131 thousands and $126 thousands for the years ended December 31, 2010 and 2009, respectively.

As of December 31, 2010, the aggregate future minimum lease obligations of office rent under non-cancelable operating leases agreements were as follows:

	($ in thousands)
Year Ended December 31:	
2011	$ 120
2012	20
	$ 140

2) The Company leases the majority of its motor vehicles under non-cancelable operating lease agreements.

As of December 31, 2010, the aggregate future minimum lease obligations of car lease under non-cancelable operating leases agreements were as follows:

	($ in thousands)
2011	$ 20
2012	20
2013	18
	$ 58

b. On March 2010 the Company entered into a new license agreement to use a unique stent design developed by an American company considered to be a related party ("MGuard Prime"). According to the agreement the licensor is entitled to receive 7% royalties for sales outside the USA and inside the USA as follows: 7% royalties for the first $10,000 of net sales and 10% royalties of net sales exceeding the first $10,000. The Company began manufacturing the MGuard Prime during the last quarter of 2010. As of December 31, 2010 the Company has not yet began selling the MGuard Prime.

NOTE 10 - COMMITMENTS AND CONTINGENT LIABILITIES (continued):

c. Litigation:

1) In March, 2009, a service provider submitted in the magistrates court in Tel Aviv a claim against the Company in the amount of $150 thousands claiming a success fee for assistance in finding potential investors and lenders in respect for the loan agreement signed with a bank (see also note 8). The Company has not recorded an expense related to damages in connection with these matters because management, based upon the opinion of its legal counsel, is in the opinion that any potential loss is not currently probable.

2) In July, 2009, a Finder submitted in the magistrates court in Tel Aviv a claim against the Company in the amount of $100 thousands claiming a success fee for assistance in finding potential investor. On March 2010 a settlement was reached between the parties in which he Company will pay $60 thousands and grant 3,750 options to purchase ordinary shares of the Company. A provision for the settlement payment has been included in the financial statements in 2008 and 2009.

3) The Company is a party to various claims arising in the ordinary course of its operations at total amount of $1,020 thousands. Management, based upon the opinion of its legal counsel, is in the opinion that the ultimate resolution of these claims will not have a material effect on the financial position of the Company, its result of operations and cash flows.

4) In November 2010, a former senior employee that was dismissed at the second quarter of 2010 submitted in the magistrates court in Tel Aviv a claim against the Company in the total amount of $430 thousands and 250,000 stock options at an exercise price of 0.01 NIS per option. He claims for salary differences and commissions. Management, based upon the opinion of its legal counsel has recorded a provision amounting to $20 thousands in the financial statements in 2009.

5) In November 2010, a former legal advisor of the Company submitted in the magistrates court in Tel Aviv a claim against the Company for 61,120 stock options at an exercise price of 0.01 NIS per option. Management, based upon the opinion of its legal counsel has recorded a share-based compensation expenses amounting to $134 thousands allocated to the year ended December 31, 2006.

6) In November 2010, a former legal advisor of the Company submitted in the magistrates court in Tel Aviv a claim against the Company in the total amount of $53 thousands due to a breach of employment promise. Management, based upon the opinion of its legal counsel has recorded a provision amounting to $53 thousands allocated to the year ended December 31, 2006.

NOTE 11 - SHARE-BASED COMPENSATION:

a. In June 2006, the Company's board of directors approved a stock options plan (the "2006 plan") for employees and consultants. The Company had reserved 300,000 ordinary shares for issuance under the plan. The Company's Board of Directors selected the capital gains tax track for options granted to the Company's Israeli employees.

In accordance with the track chosen by the company and pursuant to the terms thereof, the company is not allowed to claim, as an expense for tax purposes, the amounts credited to employees as a benefit, including amounts recorded as salary benefits in the company's accounts, in respect of options granted to employees under the Plan - with the exception of the work-income benefit component, if any, determined on the grant date.

b. Each option of the 2006 plan can be exercised to purchase one ordinary share of NIS 0.01 par value of the Company. Upon exercise of the option and issuance of ordinary shares, the ordinary shares issued will confer the holders the same rights as the other ordinary shares. The exercise price and the vesting period of the options granted under the plans were determined by the Board of Directors at the time of the grant. Any option not exercised within 10 years from the date of grant will expire, unless extended by the Board of Directors.

c. In 2006, the Company's board of directors approved an increase of 300,000 in the number of ordinary shares reserved for purpose of grants under the Company's share option plans.

1) In 2007, the Company's board of directors approved an additional increase of 600,000 in the number of ordinary shares reserved for purpose of grants under the Company's share option plans.

2) As of December 31, 2010 the Company's board of directors approved the grant of additional 75,202 options to employees and consultants of the company. The options agreements for those grants were not yet signed and therefore were not granted.

e. As of December 31, 2010, the Company had reserved 1,200,000 ordinary shares for issuance under the plans. The following table summarizes information about share options:

	2010		2009	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise Price
Outstanding - beginning of year	714,301	$ 2.91	718,240	$ 2.29
Granted	353,000	6.83	72,081	7.80
Forfeited	(57,000)	5.24	(19,500)	6.92
Exercised during the period	–	–	(56,520)	0.01
Outstanding - end of year	1,010,301	$ 4.23	714,301	$ 2.91
Exercisable at the end of the year	842,784	$ 4.16	551,259	$ 1.32

NOTE 11 - SHARE-BASED COMPENSATION (continued):

The following table provides additional information about all options outstanding and exercisable:

	Outstanding as of December 31					
	2010			2009		
Exercise price	Options outstanding	Weighted average remaining contractual life (years)	Options exercisable	Options outstanding	Weighted average remaining contractual life (years)	Options exercisable
0-0.01	485,840	6.79	394,715	408,840	7.10	395,090
0.1	6,500	7	6,500	6,500	8.00	6,500
1.49	25,260	5.78	25,260	25,260	6.78	25,260
1.53	57,540	5.4	57,540	57,540	6.40	57,540
3.67	13,350	6	13,350	13,350	7.00	13,350
8	72,000	7.25	72,000	72,000	8.25	-
10	343,011	8.87	266,844	124,011	7.49	47,844
12.5	5,000	6.83	5,000	5,000	7.83	5,000
14	1,800	8	1,575	1,800	9.00	675
	1,010,301	7.42	842,784	714,301	7.23	551,259

The weighted average of the remaining contractual life of total vested and exercisable options for the years ended December 31, 2010 and 2009 is 7.04 and 6.65 years, respectively.

Aggregate intrinsic value of the total outstanding options as of December 31, 2010 and 2009 is $5,854 thousands and $5,084 thousands respectively. The aggregate intrinsic value of the total exercisable options as of December 31, 2010 and 2009 is $4,942 thousands and $4,802 thousands, respectively.

The total intrinsic value of options exercised during the year ended December 31, 2009 was $565 thousand respectively. No options were exercised during the year ended December 31, 2010.

The total cash received from employees as a result of employee stock option exercises for the years ended December 31, 2009 was less than $1 thousands.

The weighted average fair value of options granted was approximately $6.67 and $7.8 for the years ended December 31, 2010 and 2009, respectively. The weighted average fair value of options granted was estimated by using the Black-Scholes option-pricing model.

NOTE 11 - SHARE-BASED COMPENSATION (continued):

f. The following table sets forth the assumptions that were used in determining the fair value of options granted to employees for the years ended December 31, 2010 and 2009:

	Year ended December 31	
	2010	**2009**
Expected life	5.25-6 years	5.54-6 years
Risk-free interest rates	1.93%-2.69%	1.7%-2.49%
Volatility	79%-80%	75%-79%
Dividend yield	0%	0%

The following table sets forth the assumptions that were used in determining the fair value of options granted to non-employees for the years ended December 31, 2010 and 2009:

	Year ended December 31	
	2010	**2009**
Expected life	9.7-10 years	9-10 years
Risk-free interest rates	2.65%-3.01%	3.4%-3.59%
Volatility	87%	86%-91%
Dividend yield	0%	0%

The expected term for most of the options granted was determined using the simplified method, which takes into consideration the option’s contractual life and the vesting periods (for non-employees the expected term is equal to the option’s contractual life). The Company continued to use the simplified method in 2010 as the Company does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate expected term. The expected term for options granted that do not meet the conditions of the simplified method was determined according to management's best estimates. The Company estimates its forfeiture rate based on its employment termination history, and will continue to evaluate the adequacy of the forfeiture rate based on analysis of employee turnover behavior, and other factors (for non-employees the forfeiture rate is nil). The annual risk free rates are based on the yield rates of zero coupon non-index linked U.S. Federal Reserve treasury bonds as both the exercise price and the share price are in U.S. Dollar terms. The Company’s expected volatility is derived from historical volatilities of companies in comparable stages as well as companies in the industry. Each Company’s historical volatility is weighted based on certain factors and combined to produce a single volatility factor used by the Company .

NOTE 11 - SHARE-BASED COMPENSATION (continued):

g. As of December 31, 2010, the total unrecognized compensation cost on employee and non employee stock options, related to unvested stock-based compensation amounted to approximately $659 thousands and $49 thousands, respectively. This cost is expected to be recognized over a weighted-average period of approximately 0.84 and 0.73 years, respectively. This expected cost does not include the impact of any future stock-based compensation awards.

The following table summarizes the allocation of total share-based compensation expense in the Consolidated Statements of Operations:

	Year ended December 31	
	2010	2009
	($ in thousands)	
Cost of revenues	$ 160	$ 49
Research and development	536	356
Sales and marketing	55	92
General and administrative	869	65
	$ 1,620	$ 562

NOTE 12 - TAXES ON INCOME:

a. Tax benefits under the Law for Encouragement of Capital Investments, 1959 ("Capital Investments Law")

The production facilities of the Company have been granted "approved enterprise" status under Israeli law. The main tax benefits available during the two years period of benefits commencing in the first year in which the Company earns taxable income (which has not yet occurred) are:

1) Reduced tax rates:

Income derived from the "approved enterprise" is tax exempt for a period of 2 years, not later than 12 years as of December 31, 2007, after which the income will be taxable at the rate of 25% for 5 years.

In the event of distribution of cash dividends from income which was tax exempt as above, the tax rate applicable to the amount distributed will be 25%.

2) Accelerated depreciation:

The Company is entitled to claim accelerated depreciation for five tax years in respect of machinery and equipment used by the approved enterprise.

3) Conditions for entitlement to the benefits:

The entitlement to the above benefits is conditional upon the Company's fulfilling the conditions stipulated by the law, regulations published there under and the instruments of approval for the specific investments in approved enterprises. In the event of failure to comply with these conditions, the benefits may be cancelled and the Company may be required to refund the amount of the benefits, in whole or in part, with the addition of linkage differences and interest.

NOTE 12 - TAXES ON INCOME (continued):

Amendment of the Law for the Encouragement of Capital Investments, 1959

The Law for Encouragement of Capital Investments, 1959 (hereafter - the law) was amended as part of the Economic Policy Law for the years 2011-2012, which was passed in the Knesset (the Israeli parliament) on December 29, 2010 (hereafter - the amendment). The amendment becomes effective as from January 1, 2011.

The amendment sets alternative benefit tracks to the ones currently in place under the provisions of the Law, as follows: investment grants track designed for enterprises located in national development zone A and two new tax benefits tracks (preferred enterprise and a special preferred enterprise), which provide for application of a unified tax rate to all preferred income of the company, as defined in the amendment.

The tax rates at company level, under the law:

Years	Development Zone A	Other Areas in Israel
"Preferred enterprise"		
2011-2012	10%	15%
2013-2014	7%	12.5%
2015 and thereafter	6%	12%
"Special Preferred Enterprise" commencing 2011	5%	8%

The benefits granted to the preferred enterprises will be unlimited in time, unlike the benefits granted to special preferred enterprises, which will be limited for a period of 10 years. The benefits shall be granted to companies that will qualify under criteria set in the amendment; for the most part, those criteria are similar to the criteria that were set in the law prior to its amendment.

Under the transitional provisions of the amendment, a company will be allowed to continue and enjoy the tax benefits available under the law prior to its amendment until the end of the period of benefits, as defined in the law. The company will be allowed to set the "year of election" no later than tax year 2012, provided that the minimum qualifying investment commenced not later than the end of 2010. On each year during the period of benefits, the company will be able to opt for application of the amendment, thereby making available to itself the tax rates as above. Company's opting for application of the amendment is irrecoverable.

In accordance with income taxes (Topic 740) the measurement of current and deferred tax liabilities and assets is based on provisions of the enacted tax law at balance sheet date. Since, as at December 31, 2010, the Amendment had not yet been “enacted”, as defined in Topic 740, the measurement of the current and deferred taxes for the year ended December 31, 2010 is made without taking the aforementioned Amendment into consideration. The Company is currently evaluating the impact of the adoption of these amendments would have on its consolidated financial statements.

NOTE 12 - TAXES ON INCOME (continued):

b. Measurement of results for tax purposes under the Income Tax (Inflationary Adjustments Law), 1985 ("Inflationary Adjustments Law")

Pursuant to the Israel Income Tax Law (Adjustments for Inflation), 1985 (hereinafter - the Adjustments Law), the results for tax purposes have been measured through 2007 on a real basis, based on changes in the Israel Consumer Price Index. The Company is taxed under this law.

Under the Israel Income Tax Law (Adjustments for Inflation) (Amendment No. 20), 2008 (hereinafter - the amendment), the provisions of the Adjustments Law will no longer apply to the Company in the 2008 tax year and thereafter, and therefore, the results of the Company will be measured for tax purposes in nominal terms. The amendment includes a number of transition provisions regarding the end of application of the Adjustments Law, which applied to the company through the end of the 2007 tax year.

c. Tax rates

The regular corporate tax rate in Israel was 26% and 27%, in 2009 and 2008, respectively. The corporate tax rate is to be reduced to 25% in 2010. Income not eligible for "approved enterprise" benefits, mentioned above, is taxed at a regular rate.

On July 23, 2009, the Israel Economic Efficiency Law (Legislation Amendments for Applying the Economic Plan for the 2009 and 2010), 2009 (hereinafter – the 2009 amendment), became effective, stipulating, among other things, an additional gradual decrease in tax rate in 2011 and thereafter, as follows: 2011 – 24%, 2012 – 23%, 2013 – 22%, 2014 – 21%, 2015 – 20%, and 2016 and thereafter – 18%.

The subsidiary is taxed according to the tax laws in Germany. Accordingly, the applicable tax rates are corporate tax rate of 15.825% and trade tax rate of 15%.

d. Carry forward tax losses

As of December 31, 2010, the Company had a net carry forward tax loss of approximately $14.2 million. Under Israeli tax laws, the carry forward tax losses of the Company can be utilized indefinitely. The subsidiary had a net carry forward tax loss of approximately $560 thousands. Under German tax laws, the carry forward tax losses of the subsidiary can be utilized indefinitely.

e. Tax assessments

The Company and its subsidiary have not been assessed for tax purposes since incorporation.

NOTE 12 - TAXES ON INCOME (continued):

f. The components of income (loss) before income taxes are as follows:

	December 31	
	2010	2009
	($ in thousands)	
Loss before taxes on income:		
The Company in Israel	$ (3,115)	$ (2,624)
Subsidiary in Germany	(258)	(53)
	$ (3,373)	$ (2,677)
Current Taxes on income:		
In Israel	$ 17	$ 17
Outside Israel	30	30
	$ 47	$ 47

Following is a reconciliation of the theoretical tax expense, assuming all income is taxed at the Regular tax rates applicable to the company in Israel (see c. above), and the actual tax expense:

	Year ended December 31	
	2010	2009
	($ in thousands)	
Loss before taxes on income, as reported in the statements of operations	$ 3,373	$ 2,677
Theoretical tax benefit	(843)	(696)
Increase in tax benefit resulting from permanent differences	431	92
Increase in taxes on income resulting from the computation of deferred taxes at a rate which isdifferent from the theoretical rate	62	24
Increase in uncertain tax positions - net	30	30
Change in corporate tax rates, see c above	-	481
Change in valuation allowance	367	116
	$ 47	$ 47

As of December 31, 2010 and 2009, the Company determines that it was more likely than not that the benefit of the operating losses would not be realized and consequently, management concluded that full valuation allowance should be established regarding the Company's deferred tax assets.

The changes in the valuation allowance for the year ended December 31, 2010:

	Year ended December 31	
	2010	2009
	($ in thousands)	
Balance at the beginning of the year	$ 2,829	$ 2,713
Changes during the year	367	116
Balance at the end of the year	$ 3,196	$ 2,829

NOTE 12 - TAXES ON INCOME (continued):

g. Accounting for Uncertain Tax position

Following is a reconciliation of the total amounts of the Company's unrecognized tax benefits during the year ended December 31, 2010:

	December 31	
	2010	2009
	($ in thousands)	
Balance at beginning of year	$ 30	$ -
Increases in unrecognized tax benefits as a result of tax positions taken during the current year	30	30
Balance at end of year	$ 60	$ 30

All of the above amounts of unrecognized tax benefits would affect the effective tax rate if recognized.

A summary of open tax years by major jurisdiction is presented below:

Jurisdiction	Years
Israel	2006-2010
Germany	2008-2010

h. Deferred income tax:

	December 31	
	2010	2009
	($ in thousands)	
Short-term :		
Allowance for doubtful accounts	$ 36	$ 2
Provision for vacation and recreation pay	38	25
	74	27
Long-term :		
R&D expenses	531	469
Carry forward tax losses	2,582	2,326
Accrued severance pay	9	7
	3,122	2,802
Less-valuation allowance	(3,196)	(2,829)
	$ -	$ -

NOTE 13 - SUPPLEMENTARY FINANCIAL STATEMENT INFORMATION:

Balance sheets:

	December 31	
	2010	2009
	($ in thousands)	
a. Accounts receivable:		
1) Trade:		
Open accounts	$ 998	$ 1,195
Allowance for doubtful accounts	(146)	(6)
	$ 852	$ 1,189
2) Other:		
Due to government institutions	$ 56	$ 76
Receivables on account of shares		*20
Fund in respect of employee right upon retirement	8	34
Other	11	
	$ 75	$ 130

* The amount was subsequently paid in January 2010.

b. Inventory on consignment

The changes in inventory on consignment during the years ended December 31, 2010 and 2009 are as follows:

As of December 31, 2010 and 2009 Inventory on consignment included an amount of $280 thousands and $1,002 thousands, respectively related to products sales for which product returns could not be reliably estimated with the remainder relating to products sales for which returns were reliably estimated.

	Year ended December 31	
	2010	2009
	($ in thousands)	
Balance at beginning of year	**$ 1,093**	$ 1,423
Costs of revenues deferred during the year	**326**	421
Costs of revenues recognized during the year	(1,048)	(751)
Balance at end of year	$ 371	$ 1,093

c. Inventories:

	December 31	
	2010	2009
	($ in thousands)	
Finished goods	$ 957	$ 520
Work in process	573	331
Raw materials and supplies	174	95
	$ 1,704	$ 946

NOTE 13 - SUPPLEMENTARY FINANCIAL STATEMENT INFORMATION (continued):

d. Accounts payable and accruals - others:

	December 31	
	2010	**2009**
	($ in thousands)	
Employees and employee institutions	$ 375	$ 395
Accrued vacation and recreation pay	147	95
Accrued expenses	632	502
Due to government institutions	100	37
Liability for employees rights upon retirement	7	30
Provision for returns	150	144
Taxes payable	98	101
	$ 1,509	$ 1,304

e. Deferred revenues

The changes in deferred revenues during the years ended December 31, 2010 and 2009 are as follows:

	Year ended December 31	
	2010	**2009**
	($ in thousands)	
Balance at beginning of year	**$ 1,975**	$ 2,482
Revenue deferred during the year	**320**	616
Revenue recognized during the year	(1,897)	(1,123)
Balance at end of year	$ 398	$ 1,975

Statements of Operation:

f. Financial expenses (income), net:

	Year ended December 31	
	2010	**2009**
	($ in thousands)	
Bank commissions	$ 83	$ 18
Interest income	(1)	(1)
Exchange rate differences	(33)	30
Interest expense	105	221
Redemption of beneficial conversion feature of convertible loan		(308)
	$ 154	$ (40)

NOTE 14 - ENTITY WIDE DISCLOSURES

The Company operates in one operating segment.

Disaggregated financial data is provided below as follows:

(1) Revenues by geographic area and
(2) Revenues from principal customers.

Revenues are attributed to geographic areas based on the location of the customers. The following is a summary of revenues by geographic areas:

	Year ended December 31	
	2010	2009
	($ in thousands)	
Israel	$ 119	$ -
Pakistan	193	477
Poland	1,446	
Italy	390	668
Other	2,801	2,266
	$ 4,949	$ 3,411

By principal customers:

	Year ended December 31	
	2010	2009
	($ in thousands)	
Customer A	8%	19%
Customer B	**4%**	**14%**
Customer C	-	**10%**
Customer D	**29%**	-

All tangible long lived assets are located in Israel.

NOTE 15 - SUBSEQUENT EVENTS:

a. During 2011 the Company have raised approximately $990 thousands and issued approximately 99 thousands ordinary shares.

b. During 2011 the Company has granted 67,275 stock options to employees and consultants.

NOTE 15 - SUBSEQUENT EVENTS (continued):

c. During January 2011, the Company entered into a convertible loan agreement with its distributer in Israel (hereafter - the lender), in the amount of $100 thousands with the following conditions:

a. The convertible loan does not bear annual interest.

b. In the event of transaction (as stipulated in the agreement), the lender shall have at its sole discretion the option to convert the loan according to the following terms:

i. Company's shares at $10 per share; or
ii. Company's product at 400 euro per unit (which represents the market price for this distributer).

c. In case the company does not close a transaction by June 1, 2011 than the lender shall have the right to extend the loan and its terms for up to additional 6 months.

d. In no event the loan shall be repaid by the company.

d. In February, 2011 a Finder submitted in the magistrates in Tel Aviv a claim against the Company in the amount of $327 thousands claiming future success fee and a commission for assistance in finding the Company's distributer in Brazil. At this early stage, the Company is unable to assess the outcome of this lawsuit.

e. During March 2011 the company granted a new fixed lien of $40 thousands to bank Mizrahi.

f. On March 31, 2011, the Company completed the reverse merger transaction by and among the Company and the Shell. Subsequent to the date of execution of the transaction, shareholders of the Company, holding 100% of its issued and outstanding ordinary shares, executed a joinder to the Exchange Agreement and became parties thereto (the “InspireMD Shareholders”). Pursuant to the Exchange Agreement, on March 31, 2011, the InspireMD Shareholders transferred all of their ordinary shares in InspireMD to the Shell in exchange for 50,666,667 newly issued shares of common stock of the Shell, resulting in InspireMD becoming a wholly owned subsidiary of the Shell.

Pursuant to the terms and conditions of the Exchange Agreement:

1) The InspireMD Shareholders transferred 6,242,754ordinary shares of InspireMD (which represented 100% of InspireMD’s issued and outstanding capital stock immediately prior to the closing of the Share Exchange) to the Shell in exchange for 50,666,667 shares of the Shell’s common stock (the “Share Exchange”).

2) The Shell assumed all of InspireMD’s obligations under InspireMD’s outstanding stock options. Immediately prior to the Share Exchange, InspireMD had outstanding stock options to purchase an aggregate of 937,256 shares of its ordinary shares, which outstanding options became options to purchase an aggregate of 7,606,770 shares of common stock of the Shell after giving effect to the Share Exchange. Neither the Shell nor InspireMD had any other options to purchase shares of capital stock outstanding immediately prior to the closing of the Share Exchange.

NOTE 15 - SUBSEQUENT EVENTS (continued):

3) Three-year warrants to purchase up to 125,000 ordinary shares of InspireMD at an exercise price of $10 per share were assumed by the Shell and converted into warrants to purchase 1,014,510 shares of the Shell's common stock at an exercise price of $1.23 per share.

4) The Shell assumed 8% convertible debentures in an aggregate principal amount of $1,580,000 from InspireMD as follows: $580 thousands plus accrued interest of $88 thousands were converted upon closing and the remainder in the amount of $1,000 will be paid in May 15, 2011.

In connection with the closing of the Share Exchange, the Shell sold 6,454,000 shares of its common stock at a purchase price of $1.50 per share and five-year warrants to purchase up to 3,227,000 shares of common stock at an exercise price of $1.80 per share in a private placement to accredited investors, resulting in aggregate gross proceeds of approximately $9,680 thousands (the "Private Placement"). As a result of the consummation of the Private Placement, $580 thousands of the principal of the Convertible loan plus $88 thousands accrued interest, converted into approximately 445,060 shares (included in the 6,454,000 shares mentioned above) of common stock at a conversion price of $1.50 per share and 222,530 warrants (included in the 3,227,000 warrants mentioned above).

The transaction is being accounted for as a reverse recapitalization, equivalent to the issuance of stock by Inspire, for the net monetary assets of Saguaro.

Palladium Capital Advisors, LLC served as the Company's placement agent in the Private Placement and received a fee of aproximately $300 thousands and issued Palladium Capital Advisors a five-year warrant to purchase 387,240 shares of our common stock (equal to 6% of the common stock on which the cash fee is payable), at an initial exercise price of $1.80 per share, with terms identical to the warrants issued to investors in the Private Placement. Palladium Capital Advisors are entitled to additional fee of approximately $380 thousands subject to additional proceeds of $1 million which are probable to be received until April 15, 2011.

In connection with the Share Exchange, the shell issued to certain consultants in consideration for consulting services three-year warrants to purchase up to an aggregate of 2,500,000 shares of common stock at an exercise price of $1.50 per share. The terms of these warrants are identical to the $1.80 Warrants described above, except that the exercise price for the $1.50 Consultant Warrants is $1.50 per share.

On February 20, 2011 the Company have received a tax pre-ruling from the Israeli tax authorities according to section 103 of the israeli tax law, with regards to the share exchange of the Company's shares and options. According to the tax pre-ruling, the shares and options exchange will not resolve immediate tax event for the Company's shareholders, but a deferred tax event, subject to certain condition as stipulated in the tax pre-ruling. The main condition of the tax pre-ruling is restriction of the exchanged shares for two years from December 31, 2010.

Saguaro Resources Inc.
Unaudited Pro Forma Financial Statements
As of December 31, 2010
And
For the Year Ended December 31, 2010 and the Year Ended December 31, 2009

As the transaction is a reverse recapitalization in which the shareholders of InspireMD obtained the majority of the issued and outstanding share after the transaction. Accordingly, the following unaudited pro forma consolidated financial statements ("pro forma statements") give effect to the acquisition by InspireMD Ltd. ("Inspire") of Saguaro Resources, Inc. ("Saguaro") based on the estimates and assumptions set forth herein and in the notes to such statements.

In December 2010, Saguaro and Inspire entered into a Merger Agreement (the "Agreement").

The Agreement provides for the merger of Inspire and Saguaro, whereby the shareholders of Inspire will receive ordinary shares of Saguaro in exchange for their ordinary shares of Inspire. 100% of Inspire's shareholders exchanged their ordinary shares of Inspire.

The following unaudited pro forma financial information gives effect to the above transaction. The unaudited pro forma financial information was based on (1) Saguaro unaudited historical financial statements included in its Quarterly Report on Form 10-Q for quarterly period ended December 31, 2010, its Quarterly Report on Form 10-Q for quarterly period ended December 31, 2009, its general ledger for the year ended December 31, 2009 and (2) Inspire's audited historical consolidated financial statements for the year ended December 31, 2009 and Inspire's audited balance sheet as of December 31, 2010 and the audited statement of operations for the year ended December 31, 2010, attached to this Current Report on Form 8-K. The unaudited pro forma consolidated financial information and accompanying notes should be read in conjunction with the historical financial statements and the related notes thereto of Inspire and Saguaro.

The unaudited pro forma statements of operations for the year ended December 31, 2009 and the year ended December 31, 2010 combine the historical consolidated statements of operations of Inspire and Saguaro, giving effect to the recapitalization transaction, as if it had occurred on January 1, 2009. The unaudited pro forma balance sheet combines the historical consolidated balance sheets at December 31, 2010 of Inspire and Saguaro, giving effect to the recapitalization transaction as if it had occurred on December 31, 2010.

The unaudited pro forma consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transaction had been consummated at the dates indicated, nor is it necessarily indicative of the future operating results of financial position of the consolidated companies.

Saguaro Resources Inc.
Unaudited Pro Forma Financial Statements
As of December 31, 2010
And
For the Year Ended December 31, 2010 and the Year Ended December 31, 2009

Πυρσυαντ το τηε τερμσ ανδ χονδιτιονσ οφ τηε Αγρεεμεντ:

- Immediately following the Share Exchange, the assets and liabilities of Saguaro that existed prior to the Share Exchange were disposed.

- At the closing of the Merger, each share of Inspire's common stock issued and outstanding immediately prior to the closing of the Merger was exchanged for the right to receive 8.116 shares of Saguaro's common stock. As of December 31, 2010, 50,666,667 shares of Saguaro's common stock, which represents 80% of the shell common stock, were issued to the holders of Inspire's common stock.

- Immediately following the closing of the Merger, $0.58 million of convertible loan in Inspire (the "convertible loan"), plus $88 thousands unpaid accrued interest, were converted into Saguaro's 445,060 common stock and 222,530 warrants. The remaining $1 million will be repaid at May 15, 2011.

- In connection with the closing of the Merger, Saguaro issued a private placement (the "Private Placement") of approximately $9million , consisting of an aggregate of 6,009,000 shares of Saguaro's common stock at $1.5 per share. In respect with the private placement, Saguaro committed to commissions and fees of $513,404. Saguaro's also issued the investors and the placement agent five-year warrants to purchase up to an aggregate of 3,391,740 shares of common stock at an exercise price of $1.80 per share.
  In connection with the Share Exchange, Saguaro issued to certain consultants in consideration for consulting services three-year warrants to purchase up to an aggregate of 2,500,000 shares of common stock .

  ction with the Share Exchange, Saguaro also entered into a stock escrow agreement with certain stockholders and Grushko & Mittman, P.C. (the "Stock Escrow Agent"), pursuant to which these stockholders deposited 1,500,000 shares of common stock held by them with the Stock Escrow Agent, which shares shall be released to Saguaro for cancellation or surrender to an entity designated by Saguaro should Saguaro record at least $10 million in consolidated revenue, as certified by the Saguaro 's independent auditors, during the first 12 months following the closing of the Private Placement, yet fail, after a good faith effort, to have the Saguaro 's common stock approved for listing on a national securities exchange. On the other hand, should the Saguaro fail to record at least $10 million in consolidated revenue during the first 12 months following the closing of the Private Placement or have its common stock listed on a national securities exchange within 12 months following the closing on the Private Placement, these escrowed shares shall be released back to the stockholders.

Saguaro Resources Inc.
Unaudited Pro Forma Consolidated Balance Sheet
As of December 31, 2010
U.S. dollars in thousands

	Inspire MD Ltd	Saguaro Resources Inc.	Recapitalization transaction adjustments (1)	Equity transaction adjustments (2)	Consolidated
Assets					
Current Assets					
Cash and cash equivalents	$ 636	$ -		(a)$8,475	$ 9,111
Restricted cash	250				250
Accounts receivable:					
Trade	852				852
Other	75				75
Prepaid expenses	3				3
Inventory:					
On consignment	371				371
Other	1,704				1,704
Total Current Assets	3,891	-		8,475	12,366
FUNDS IN RESPECT OF EMPLOYEE RIGHTS UPON RETIREMENT	167				167
PROPERTY AND EQUIPMENT, NET	282				282
DEFERRED DEBT ISSUANCE COSTS	15				15
Total Assets	$ 4,355	$ -		8,475	$ 12,830
Current Liabilities					
Current maturities of long-term loans	$ 355				$ 355
Accounts payable and accruals :					
Trade	1,103				1,103
Other	1,509	$ 10	(d)$(10)		1,509
Advanced payment from customers	559				559
Loans from shareholders	20				20
Deferred revenues	398				398
Total Current Liabilities	3,944	10	(10)		3,944
Long Term Liabilities					
Long term loan	75				75
Liability for employee rights upon retirement	206				206
Convertible loan	1,044			(b)(c)(44)	1,000
T o t a l long term liabilities	1,325	-		(44)	1,281
Total Liabilities	5,269	10		(44)	5,225
Capital Deficiency					
Share capital	16	*	(a)(c)(11)	(a)(b)1	6
Additional paid-in capital	21,046	32	(a)(b)(c)(d)(21)	(a)(b)9,141	30,198
Accumulated deficit	(21,976)	(42)	(b)42	(c)(623)	(22,599)
Total Capital Deficiency	(914)	(10)	10	8,519	7,605
Total Liabilities Less Capital Deficiency	$ 4,355	$ -	$ -	$ 8,475	$ 12,830

Saguaro Resources Inc.
Unaudited Pro Forma Consolidated Balance Sheet
As of December 31, 2010

(1) Recapitalization transaction adjustments:

a) Adjustment to reflect change in par value of Inspire common stock to $0.0001 from $0.0025 for 6,242,754 shares.

b) Elimination of Saguaro's accumulated deficit.

c) Adjustment to reflect the reclassification within equity to present the exchange of shares in the Merger with a resulting 50,666,667 ordinary shares outstanding.

d) Reflect the disposal of Saguaro's liabilities prior to the share exchange.

(2) Equity transaction adjustments:

(a) Reflect an investment round with minimum gross proceeds of $9,014 thousands in consideration of 6,009,000 ordinary shares and 3,004,500 warrants, net of issuance costs of $538 thousands **.**

(b) Reflect convertion of $0.58 million of convertible loan in Inspire (the "convertible loan"), including $88 accrued interest into 445,060 shares (as of December 31, 2010) of Saguaro's common stock and warrants, with the same terms as described in (2)(a).

(c) Adjustment to reflect the value of the convertible loan to fair value at conversion date.

Saguaro Resources Inc.
Unaudited Pro Forma Consolidated Statement of Operations
For the Year Ended December 31, 2010
U.S. dollars in thousands, except per share data

	InspireMD Ltd	Saguaro Resources Inc.	Adjustments	Consolidated
Revenues	$4,949			$4,949
Cost of Revenues	2,696			2,696
Gross Profit (Loss)	2,253			2,253
Research and Development expenses, net	1,338			1,338
Selling and marketing expenses	1,236			1,236
General and administrative expenses	2,898	$14		2,912
Operating Loss	(3,219)	(14)		(3,233)
Financial expenses, net	(154)		(1)$(29)	(183)
Other expenses		9		9
Loss before tax expenses	(3,373)	(23)	(29)	(3,425)
Tax expenses	47			47
Loss for the period	$(3,420)	$(23)	$(29)	$(3,472)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS				
Basic and diluted	$(0.56)			$(0.06)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN COMPUTING LOSS PER SHARE				
Basic and diluted	6,066,279			(2)60,824,193

(1) Elimination of interest expenses related to Inspire's convertible loans.

(2) The weighted average number of ordinary shares is based on Inspire's ordinary shares outstanding during the period multiplied by the exchange ratio established in the transaction, plus weighted average number of ordinary shares that have been issued in the transaction.

Saguaro Resources Inc.
Unaudited Pro Forma Consolidated Statement of Operations
For the Year Ended December 31, 2009
U.S. dollars in thousands, except per share data

	InspireMD Ltd	Saguaro Resources Inc.	Adjustments	Consolidated
Revenues	$3,411			$3,411
Cost of Revenues	2,291			2,291
Gross Profit	1,120			1,120
Research and Development expenses, net	1,330			1,330
Selling and marketing expenses	1,040			1,040
General and administrative expenses	1,467	$10		1,477
Operating Loss	(2,717)	(10)		(2,727)
Financial income, net	40			40
Loss before tax expenses	(2,677)	(10)		(2,687)
Tax expenses	47			47
Loss for the year	$(2,724)	$(10)		$(2,734)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY SHAREHOLDERS				
Basic and diluted	$(0.46)			$(0.05)
WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES USED IN COMPUTING LOSS PER SHARE	5,872,137			(1)59,248,521
Basic and diluted				

(1) The weighted average number of ordinary shares is based on Inspire's ordinary shares outstanding during the period multiplied by the exchange ratio established in the transaction, plus weighted average number of ordinary shares that have been issued in the transaction.